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International

Government To Ask Cocom To Ease Curbs on PRC

OW2505144890 Tokyo JIJI in English 1408 GMT 25 May 90—FOR OFFICIAL USE ONLY

[Text] Tokyo, May 25 (JIJI PRESS)—Japan will ask the United States and other members of the Coordinating Committee (COCOM) for Export Controls to ease curbs on the sale of high-technology goods to China, government sources said Friday. The request will be made at a high-level COCOM meeting in Paris June 6-7, the sources said. The committee regulates trade with Communist countries in products that might have military applications.

Japan will make the request so that China will not be excluded from growing moves among COCOM members to consider substantial easing of restrictions on high-technology exports to East Germany and other East European countries, they said. China has so far enjoyed softer COCOM rules than those applied to Eastern Europe since the Paris-based 18-nation body began special treatment of China in 198. [figure as received]

But Beijing's special status is expected to diminish as COCOM is planning to reduce the number of items on its export prohibition list from the current [words indistinct] to about one-third in view of the democratization wave in Eastern Europe.

Moreover, easier regulations are expected to apply to some East European nations such as East Germany, Poland and Hungary condition that they should not convert high-technology into military use. Judging from working-level COCOM debates to date, it is uncertain to what extent the [words indistinct] East European nations other than East Germany will differ from those applied to China, the government sources said. East Germany is expected to be given special treatment in the planned review of COCOM rules as the country is scheduled to implement monetary union with West Germany July 2.

But there are no signs of the United States and West European nations softening their attitude toward China since Beijing's military crackdown on pro-democracy demonstrators last June, the sources said. These COCOM members have no intention of reviewing regulations on China-bound exports, they said. If such a situation lasts, China may be economically isolated, they said.

The COCOM members are Japan, Australia and North Atlantic Treaty Organization (NATO) nations, excluding Iceland.

Business Group Urges Cut in Trade Surplus

OW2905043790 Tokyo JIJI in English 1305 GMT 28 May 90—FOR OFFICIAL USE ONLY

[Text] Tokyo, May 28 (JIJI PRESS)—An influential group of the nation's business leaders Monday reiterated that Japan should continue to make efforts to reduce its huge current account surplus. The Japan Association of Corporate Executives, known as Keizai Doyukai, pointed out in a recommendation report that Japan's current account surplus is still running at high levels and this could accelerate foreign moves toward protectionism and regionalism. It is desirable for Japan to enjoy the yen's moderate appreciation that would help this country correct trade imbalances with foreign nations.

The recommendations run counter to a report released Saturday by an advisory council to the finance minister. The council on foreign exchange and other transactions in the report pointed to the need for Japan to secure a current account surplus to meet growing fund demand from developing countries and reform-promoting Eastern Europe.

The association did not set the specific goal of reducing Japan's current account surplus. It urged Japan to rectify trade imbalances through reforms of the economic structure, which has [words indistinct] yen's appreciation in recent years, as well as efforts to promote import and local production in overseas markets by Japanese firms.

It opposes government-led export restrictions and import expansion measures, saying such steps would lead to managed trade. To guarantee opportunities for foreign firms' access to the Japanese market, the association urged the government to create the same conditions as were given to Japanese companies in foreign nations.

It specifically called for Japan's further promotion of market opening measures in such fields as agriculture, finance and services in a bid to bring to a successful conclusion the Uruguay round of multilateral trade liberalization talks under the General Agreement on Tariffs and Trade (GATT).

Among others it cited the importance of correcting business deals within companies belonging to the same "keiretsu" corporate groups, and to avoid an excessive race for capturing higher market shares.

Defense Buildup Reportedly Worries Neighbors

OW0206190390 Tokyo THE JAPAN TIMES in English 1 Jun 90 p 3—FOR OFFICIAL USE ONLY

[Text] With the Cold War over, Japan's security lies in slowing down its defense spending, loosening its alliance with the United States and "scrupulously guarding the credibility of its peace constitution," according to a prominent Australian political and security expert. Peter Polomka, a researcher at the Australian National University and a former senior government official, offered these proposals in an article that appeared in the May edition of the Japanese Foreign Ministry's semi-official monthly GAIKO (DIPLOMACY) FORUM.

"Japan's neighbors do not deny it the right to credible self-defense forces," said Polomka, commenting in advance of the 30th anniversary of the Japanese-U.S. Security Treaty on June 23.

"But for Japan to go on increasing its defense expenditure while the United States, the Soviet Union and major West European nations are cutting back on defense could help undermine East Asian stability and peace and damage Japanese security rather than strengthen it," he said.

Polomka said that increased defense spending could encourage an arms race in East Asia at a time when "false" notions are circulating that a power vacuum will be created if the United States and the Soviet Union follow through on proposed military cutbacks. He also said it would be "a monumental blunder" if Japan were to either embark on securing a regional military role or significantly expanding its naval power.

The acquisition of aircraft carriers or an expansion of Japan's commitment to defend sea lanes beyond the present 1,000 nautical miles, he warned, would "undermine the credibility of the peace constitution and provoke a major expansion of naval power in the region. The military road is not the way for Japan to go to try to safeguard the flow of its commerce, Polomka advised.

"Robust support for world trade and political interdependence is a far more certain route by which Japan can increase its internationai prestige, wealth and power in a nuclear, econor ically interdependent world," he said.

Polomka suggested that the Cold War "helped keep the peace in East Asia by suppressing regional rivalries" and said it "provideJ a kind of buffer" between Japan and its powerful neighbors.

More Difficult Environment

But as the Cold War winds down, Japan faces the challenge of finding new ways to maintain peace and stability in a potentially "more difficult regional security environment," he said.

Polomka pointed to the need for a "different security relationship" between Japan and the United States in the post-Cold War period and said Japan "needs to anchor its security in both Asia and the West. A Japan, identified neither completely with Washington or Moscow and having healthy diplomatic and economic links with Beijing and Moscow, could achieve a healthy accommodation appropriate to a post-Cold War security environment," he said.

Despite supporting a "looser alliance arrangement" between Tokyo and Washington, Polomka advocated retaining the "framework of existing Japanese-U.S. security relations," particularly the so-called nuclear umbrella. He said Japan could gradually become responsible for its conventional self-defense posture, eventually assuming full costs.

Over time and in parallel with U.S.-Soviet and multilateral confidence-building measures and arms control agreements, Polomka said most U.S. forces in Japan could be withdrawn.

To reassure its neighbors that it represents no threat, Japan should not compromise its peace constitution, its non-nuclear principles or its ban on exports of military weapons, he said. Polomka also recommended that Japan retain the ban on the dispatch of its Self-Defense Forces overseas.

Greater Voice Sought in Creating World Order

OW0506184190 Tokyo NIHON KEIZAI SHIMBUN in Japanese 4 Jun 90 Morning Edition p 2—FOR OFFICIAL USE ONLY

[Text] Now that the U.S.-Soviet summit meeting has ended, the government plans to start full-scale preparations for the industrial nations' summit meeting (Houston Summit meeting) slated for early July and to urge the Soviet Union to have Foreign Minister Shevardnadze visit Japan at an early date, while watching the 4 June South Korea-Soviet summit meeting. Foreign Minister Shevardnadze's visit to Japan is viewed as key to materializing President Gorbachev's visit to Japan. Against the backdrop of further easing tensions in East-West relations in the wake of the announcement of an agreement on the Strategic Arms Reduction Talks (START) at the U.S.-Soviet summit meeting, in particular, "the creation of a new world order" is likely to become the most important political agenda at the Houston Summit meeting. The government plans to strengthen Japan's voice in creating the world's new framework by expressing its resolve to grapple with the issue of easing tensions in the Asian and Pacific region centering on the Korean peninsula. The Houston Summit meeting will undoubtedly assume the nature of "a political summit meeting" because U.S.-Soviet relations have entered a new stage with the Washington summit meeting as a turning point, and the macroeconomics of Western nations, chiefly 7 summit-meeting nations, have continued to make a sustained growth. Political discussions by top leaders and foreign ministers, and a subsequent political declaration summing up the discussions at the forthcoming summit meeting will certainly be a major task to assess easing U.S.-Soviet tensions and to present concrete measures on the German unification, aid to Eastern Europe, and the Asian situation with the primary aim of "creating a new world order."

Under this development, the government plans to appeal to the meeting participants that "Japan is a nation contributing to the world," taking advantage of the forthcoming summit meeting and to make clear Japan's posture to assist East European nations and work for easing tensions in the Asian and Pacific region through Prime Minister Kaifu who is to attend such a summit meeting for the first time. In the face of new moves surrounding the Korean peninsula, including the sudden

holding of South Korea-Soviet summit meeting in particular, "the government at the forthcoming summit meeting will strongly appeal to the summit participants to understand Japan's position toward China which is indispensable for promoting dialogue between North and South Korea, and maintaining peace and stability on the Korean peninsula, using results of Cambodian peace talks in Tokyo as a lever," (according to a government source).

On the other hand, the government will work on the improvement of Japan-Soviet relations with priority given to the resolution of the northern territories issue, while making preparations for the Houston Summit meeting. The government plans to materialize Foreign Minister Shevardnadze's visit to Japan in September and Foreign Minister Nakayama's visit to Soviet Union late this year and anticipates that President Gorbachev will visit Japan next spring. Regarding the timing for Foreign Minister Shevardndze's visit to Japan which is a first item on this diplomatic agenda, a top Foreign Ministry official said that "the Soviet side would inform our government of the timing after the U.S.-Soviet summit meeting." The Soviet side plans to send Deputy Foreign Minister Rogachev to Japan on 9 June.

Some officials within the government, however, are voicing their concerns, saying: "Affected by the South Korea-Soviet summit meeting, Foreign Minister Shevardnadze's visit to Japan might be delayed. If his visit is delayed, this might affect President Gorbachev's visit to Japan." Therefore, the government plans to ask the Soviet side to set quickly the timing for his visit to Japan.

Editorial Views Changes in Economic Aid Policy

OW3005165490 Tokyo THE DAILY YOMIURI in English 29 May 90 p 6—FOR OFFICIAL USE ONLY

[28 May editorial: "Changes in Economic Aid"]

[Text] Industrialized nations have been compelled by changes in East Europe to make major reevaluations of their economic aid programs. As a result, there is the fear that funds given to East European nations to help them realize market reforms could divert much needed aid away from developing countries.

At a special General Assembly on economic affairs, the United Nations urged industrialized nations to expand their economic aid programs, pointing out that living standards in many parts of the world have deteriorated since the onset of the 1980s. At the same time, it emphasized the necessity of integrating East European countries into the world economy. However, meeting the aid requirements of both these areas will not be easy.

Focus on Asia

In contrast, the International Trade and Industry Ministry [MITI] said in its white paper on economic aid that, although Japan, as a member of the Western bloc and a beneficiary of the free enterprise system, was obliged to concretely support East Europe reforms, it should still place first priority in its economic cooperation programs on other Asian nations.

During Prime Minister Toshiki Kaifu's recent visit to southwest Asia and at the general meeting of Asian Development Bank, many Asian countries pleaded with Japan not to neglect them in favor of East European nations.

Japan sent a total of $21 billion in private and public funds to other countries in 1988, tops in the world for the fourth straight year, with more than 60 percent of its direct ODA [overseas development aid] going to other Asian nations.

While Western aid to East Europe is sure to increase sharply, it is incumbent on Japan to remember that it is an Asian nation and that aiding this area of the world should remain its top priority.

Greater Diversification

Another change occurring in economic aid programs is that they have become more diversified and wider in scope. In Asia, for example, some socialist countries, such as China, are moving in the direction of a market economy, and the question has arisen as to what kind of aid should be extended to them.

Moreover, economic cooperation is no longer confined to helping countries industrialize, but also includes such things as protecting the environment. In addition, many advanced nations will require large amounts of capital in the future in order to revitalize their own industries.

Thus, in the 1990s, a new vision of economic cooperation is required, one that transcends the traditional framework governing the distribution of foreign aid. The MITI white paper has outlined two of the main themes that should guide Japan's economic cooperation policies: the humane consideration of helping the poor, and the promotion of economic development and political stability in developing countries.

United States

Editorial on Easing Distribution System

OW2805041390 Tokyo THE DAILY YOMIURI in English 26 May 90 p 6—FOR OFFICIAL USE ONLY

[25 May editorial: "Easing the Distribution System"]

[Text] From the end of this month, the government will substantially ease administrative protection of the distribution industry, the major cause of Japan's high commodity prices. Like agriculture, the distribution industry has been placed under government protection due to its low productivity. The arrangement has made many Japanese consumers unhappy.

The United States took up the issue in the Structural Impediments Initiative [SII] talks, arguing that large-scale retailers which sell more imported goods have been restricted from opening new shops under the current system of industry protection. U.S. trade officials also said the protection is prevening foreign distribution companies from cracking the Japanese market.

Although we would like to evaluate positively the easing of protection as a shift to a policy benefiting the consumer, it is more apt to call it a forced transition under external pressure.

Stores Law Revision

In a circular issued Thursday, the International Trade and Industry Ministry announced revisions in the application of the Large-Scale Retail Stores Law. According to the circular, the ministry will shorten the deadline for settling disputes between larger newcomers and existing local shops before the opening of large-scale retail stores to 18 months. By doing so, it hopes to do away with the situation where planned shop openings have remained stuck at this stage for more than 10 years.

Under the new regulations, large stores will be allowed to set up import sales areas up to 100 square meters. This is expected to boost the volume of imported goods in stores.

However, many points will remain unsatisfactory after the revision. We expect the government to incorporate more drastic changes when it amends the law this time next year. As promised in the SII talks, Japan should further shorten the negotiation deadline, to less than 12 months, and institute special zones in urban centers where new retail business openings will be accepted unconditionally.

Outstanding Issues

There are still several issues to tackled. Firstly, Diet members of all parties should pay more consideration to the interests of consumers than to those of their own constituencies and concerned industries.

Secondly, local governments should introduce the principles of free competition into their administration of the distribution industry. Many local governments are protecting small- and medium-sized retailers in their communities from large-scale retail stores with regulations tougher than those of the national government.

Thirdly, large retail stores, and local small- and medium-sized shops should seek healthy coexistence through competition.

Fourthly, U.S. companies should develop products to meet the needs of Japanese consumers. Even if the Japanese distribution system is rationalized, imports from the United States will not increase unless the Japanese public wants to buy those products.

Joint Diet Mission To U.S. Termed Meaningful

OW3005102990 Tokyo THE DAILY YOMIURI in English 28 May 90 p 1—FOR OFFICIAL USE ONLY

["Political Pulse" column by Raisuke Honda, YOMIURI SHIMBUN political editor: "Joint Mission to U.S. Meaningful"]

[Text] Diet members of both ruling and opposition parties, except the Japan Communist Party, are planning a multiparty tour of the United States. They are planning to exchange opinions and deepen mutual understanding with members of the U.S. Congress, who have continued to flail Japan over its trade surplus with the United States with the approach of an election.

Though the tour seems to have significance toward overall Japan-U.S. relations, both ruling and opposition party members seem to have their own private motives.

The mission aroused much attention when Komeito Chairman Koshiro Ishida proposed it at a May 15 meeting of ruling and opposition party leaders. The plan was actually drafted by Japan Socialist Party [JSP] Vice Chairman Makoto Tanabe and other opposition party officials, political observers said.

Senior Liberal Democratic Party [LDP] officials, constantly harassed by congressional criticism of Japan, thought it an excellent idea and jumped on the wagon.

The multiparty group originally planned to leave as soon as possible to indirectly assist the Japanese Government in drafting a final report on the Japan-U.S. Structural impediments Initiatives [SII] talks. However, since the current Diet session is to end on June 26, their departure will probably take place shortly before or after that date.

It will be too late to "provide backup" regarding the SII talks because Japan and the United States are expected to reach an agreement on the final report before June 26.

Nevertheless, the trip will be meaningful if Japanese and U.S. lawmakers can frankly exchange opinions on the international situation and problems between their two countries, as opinion polls show that Americans are losing trust in Japan.

It is rare indeed that the opposition parties have proposed such a plan. Political observers say the opposition parties want to demonstrate to the public that they are "realistic and responsible parties."

In particular, the JSP, which has long lambasted the Japan-U.S. security treaty, has been forced to alter its anti-American and pro-Soviet image following the sudden changes in the world situation, expecially in the Soviet Union and East Europe. The U.S. tour is an excellent opportunity for the JSP to demonstrate such a transformation to the public.

On the other hand, the LDP has its own motives, too. It expects that the U.S. tour will help to expand the

horizons of opposition party leaders through candid discussions with their U.S. counterparts.

At present, opposition party leaders often criticize the government for making too many compromises in talks with Washington on liberalization of Japan's agricultural market, and in the SII talks.

The LDP further expects that its U.S. counterparts will also be able to get a better grasp of this country's domestic situation through discussions with Japanese Diet members.

LDP Secretary General Ichiro Ozawa and others also look forward to one more benefit. They hope the tour will promote mutual understanding among the ruling and opposition parties in regard to the extraordinary Diet session scheduled this fall.

The government's bill to review the consumption tax, and the opposition's bill to abolish it, have both been submitted to the current Diet session. Since deliberations on those bills were postponed until the extraordinary Diet session in fall, Ozawa and others want to negotiate with the opposition during the tour.

With such expectations, the LDP asked the opposition parties to appoint Ozawa as a tour leader, and to invite the secretaries general or vice chairmen of each party to join the mission.

As mentioned above, both the ruling and opposition parties have various motives of their own in joining the tour. But that isn't a bad thing. The U.S. Government is supporting the trip and hpes it can come before the Houston summit in July.

Ozawa Stresses Importance of SII Report

OW0206105690 Tokyo THE JAPAN TIMES in English 1 Jun 90 p 3—FOR OFFICIAL USE ONLY

[Text] Japan will be put in a "difficult position" as it works out a final Strategic Impediments Initiative [SII] report with the U.S. later this month, according to Ichiro Ozawa, secretary general of the ruling Liberal Democratic Party [LDP]. Crisis was avoided on the midterm SII report released in early April, Ozawa said.

The SII talks, launched last September, are aimed at removing "structural" barriers to trade and investment in an effort to reduce Japan's $50 billion annual trade surplus with the U.S.

The talks have become such a "symbolic issue" between the two countries that Japan must do all it can to make them a success, Ozawa said.

On the domestic front, Ozawa stressed the need for electoral reforms, saying they are the biggest domestic issue for the government of Prime Minister Toshiki Kaifu, who took office in the summer of last year amid growing public distrust of the political system.

A panel of advisers submitted a controversial report to the premier in April recommending sweeping electoral reforms, including the introduction of a single-seat constitutency to elect 60 percent of the lower house. These reforms are needed to make Japan's parliamentary democracy function better, Ozawa said, saying there is consensus that the current multiseat constituency system for the lower house has many problems.

Ozawa is hopeful that the LDP government will be able to draft a reform bill before the 100th anniversary of the Diet in late November and to submit it to the next ordinary Diet session, which will convene in December. The government should enact a reform bill before Prime Minister Kaifu's current two-year term as LDP president expires in October next year, he said. The LDP president normally becomes prime minister because of the party's comfortable majority in the more powerful lower house.

Ozawa also said the LDP and opposition parties must negotiate an early solution to the current ruckus over the 3 percent consumption tax at a newly created special lower house committee on the taxation system. The LDP has offered to make some modifications to the 1-year-old tax but has not agreed to abolish it, as the opposition camp is demanding.

LDP Leader Hints at Public Investment Review

OW0106031590 Tokyo THE DAILY YOMIURI in English 30 May 90 p 1—FOR OFFICIAL USE ONLY

[Text] Mutsuki Kato, chairman of the Liberal Democratic Party's [LDP] Policy Research Council, Tuesday hinted that the government might review the ceilings it sets on disbursements from its investment and loans program to individual ministries and agencies for public investment, beginning in fiscal 1991. The investment and loans program, known as the "secondary budget," is devoted to financing long-term or special government projects.

The United States has requested major increases in public works projects by Japan in the course of the Structural Impediments Initiative [SII] talks between the two countries.

"For the time being, let me tell you that we will perform the task with considerable resolution," Kato said in reply to a question at the 178th Yomiuri International Economic Society lecture meeting at the Keidanren Kailkan Building in Otemachi, Tokyo.

The ruling party executive also noted that the government plans to indicate only the ratio of increase in total public investment, rather than submitting item-by-item breakdowns, in the final SII report, scheduled to be completed in late June.

Among other reforms raised in the SII talks, Washington is demanding a substantial boost in Japan's public investment, and a shift in the distribution of funds to benefit consumers.

For the last five to six years, budgets for public investments granted to each government office have been fixed at an almost constant level due to a government level due to a government policy of tightly controlling spending.

Deregulation of Large-Store Law Viewed

OW0306105890 Tokyo ASAHI EVENING NEWS in English 1 Jun 90 p 6—FOR OFFICIAL USE ONLY

[Unattributed "Political Spectrum" column: "Deregulation Is a Mixed Blessing"]

[Text] Major retailers are supposed to profit from the relaxation of controls on the opening of supermarkets and other large outlets, but they are not too happy. They fear that although the maximum period of coordination has been shortened to a year and a half they will have to pay more money to talk local small retailers into accepting their plans for new stores, according to ASAHI SHIMBUN reporters Katsuyuki Yakushiji and Takayuki Yasui.

The first of the deregulation measures taken by the Ministry of International Trade and Industry (MITI) went into effect May 30. The steps had been worked out in accordance with a Japanese promise in the Japan-U.S. Structural Impediments Initiative talks. With the period of coordination shortened it will be easier to open new large retail outlets. Previously, coordination procedures for fixing differences, based on the Large-Scale Retail Stores Law, could drag on indefinitely.

It has been common practice for major retailers to pay money to overcome this obstacle. In the case of Sapporo City, Hokkaido, the standard price is Y10,000 per square meter of sales floor space, according to ASAHI reporters. This means that a company planning to open a supermarket with 10,000-square-meter sales floor space in the city has to pay about Y100 million to the local small merchants.

Major retailers say deregulation will force them to increase their under-the-table payments.

They point out that despite the shortened period of coordination, the need to talk local retailers and local chambers of commerce into agreement remains unchanged. "With or without the new MITI action we have to talk the local bosses into consent," says a senior official at a major supermarket chain. "Only we will have to work harder under the new system."

What he meant by this is that the new MITI directive requires coordination procedures to be finished after a year and a half. In other words, major retailers will have to secure consent from local small merchants during that period of time.

"Coordination procedures will automatically come to an end after a year and a half," said Fusayuki Okabe, an official of the Saitama prefectural government, when he briefed about 250 officials from lower-level authorities in the prefecture and local chambers of commerce on the MITI measures on May 29. "So how to make the most of the available time will be important.

"I was told by MITI officials that the local commercial activity coordination council must carry out its proceedings and draw its conclusions in a year and a half, even if the representatives of local retailers are not present," Okabe said.

Coordination procedures are under way in Saitama on 196 projects to open new large stores or to increase sales floor space in existing stores, reporters, say. The number is the largest for a prefecture in the country. If these plans go through there will be an unprecedented rush of new stores, according to a senior Saitama official.

Besides shortening the period of coordination, the MITI deregulation measures call for correcting "excesses" in the controls imposed by local governments apart from the Large-Scale Retail Stores Law. MITI does not spell out what constitutes "exceses," and this ambiguity is a source of headaches for local government officials concerned with deregulation.

Plans for opening medium-size stores with sales floor space of 300 to 500 square meters, to which the law does not apply, are subject to coordination procedures in Matsumoto City, Nagano Prefecture.

"What happens in the name of coordination is just to hold get-acquainted sessions between officials of the company planning to move in and local retailers, and this process ends in a few months," says a municipal official. "Does this constitute an excess as they (MITI officials) see it?"

If coordination procedures do not produce a conclusion on a store-opening plan after a year and a half, the project will be referred to the Large-Scale Retail Store Council, an advisory body reporting to the head of MITI. Senior officials of the Japan Chain Store Association predict that more cases than before will be handed up to the council. In the view of many distribution industry officials, this will strengthen the powers of MITI, contrary to the trend toward deregulation.

A U.S. demand for the repeal of the Large-Scale Retail Stores Law sparked violent reaction within the ruling Liberal-Democratic Party in March and April. By contrast, the party is now taking a wait-and-see stand as a result of wide-ranging measures proposed by MITI for the relief of small retailers, a traditional LDP constituency. "The intraparty situation is remarkably quiet," says a senior MITI official.

Editorial Calls for Interest Rate Deregulation

OW2805050490 Tokyo THE DAILY YOMIURI in English 25 May 90 p 6—FOR OFFICIAL USE ONLY

[24 May editorial: "Deregulate Interest Rates"]

[Text] Japan and the United States failed to reach agreement on liberalizing interest rates in their negotiations primarily because many financial institutions are

not prepared to make adjustments quckly. The United States insisted that Japan liberalize interest rates in a year's time, but Japanese negotiators could only promise to make their best efforts to accomplish this goal.

Small- and medium-sized financial institutions are pressuring the Finance Ministry not to implement liberalization for five or six years because their businesses would be hurt if controls on interest rates were lifted too soon.

The Finance Ministry does apparently intend to liberalize interest rates for deposits and savings by the autumn of 1993. We believe liberalization for all interest rates should be implemented as early as possible.

The most important reason for doing this is that liberalization would benefit general depositors. Interest rates on large deposits and savings, which service the wealthy and business companies, were liberalized five years ago.

Japan Lags Behind

But liberalization of small deposits and savings came only in June last year for small denomination money market certificates (MMC), but some regulations remain on MMCs. Therefore, liberalization was not complete.

Rates on deregulated large deposits are higher which gives advantages to the wealthy and companies. To delay full deregulation of interest rates on small deposits will be a disservice to customers with small deposits and will further widen a disparity between large customers and small ones.

At the same time, Japan lags behind in the pace of deregulation internationally. Full deregulation of interest rates has been implemented not only in advanced countries, like the United States and West Germany, but also in Singapore, Malaysia, Indonesia and Thailand.

Since interest rates are generally lower on regulated deposits, financial institutions make bigger profits. Western nations criticize Japanese financial institutions for playing unfair by making large profits at home and then investing for high returns abroad.

Bad U.S. Example

As a financial power, Japan has the responsibility to deregulate interest rates promptly. If it fails to do so, international financial criticism will be the result.

In one argument for delay, small- and medium-sized financial institutions point to the chaos caused by bankruptcies among U.S. savings and loan associations. However, these business failures were due to lax management and insufficient screening of credit aplications.

Also, it is rare for a financial institution to go bankrupt because of a cut in profits. Certainly liberalization will require better management. But smaller financial institutions should meet tougher competition by reducing business costs, more effective application of funds, improving customer service and carrying out mergers and business tie-ups.

We hope the Finance Ministry will abandon its policy of overprotecting smaller banking institutions in this age of liberalization.

U.S. Requests on Tokyo Bay Project 'Difficult'

OW0106200690 Tokyo JIJI in English 1323 GMT 1 Jun 90—FOR OFFICIAL USE ONLY

[Text] Tokyo, June 1 (JIJI PRESS)—Shunichi Suzuki, governor of the Tokyo metropolitan government, said Friday it is difficult to meet U.S. requests on treatment of foreign companies in an urban redevelopment project on Tokyo Bay. Suzuki was referring to a position paper that the U.S. Embassy here Wednesday submitted to the Tokyo Government, claiming that procedures for participation in the project put foreign companies at a disadvantage.

The three-month application period announced May 25 is too short for foreign companies, which have language barriers and geographical disadvantages and have no way of getting information on the project, the paper maintained.

At a press conference Friday, however, Suzuki said the three-month period for first-round applications has been fixed after careful study and that it will not be feasible to reexamine the period for the sake of foreign entities alone.

On the alleged lack of access to project information, Suzuki pointed out foreign firms have various choices for improved access, including tie-ups with Japanese companies.

The Tokyo Government plans to offer shortly an [words indistinct] to the U.S. Embassy, making it clear that the U.S. requests cannot be met for the first round of applications to be closed Aug. 31.

But the metropolitan government will also pledge efforts to make improvements for the second round, Tokyo Government officials said.

The Tokyo Bay project eyes development of a sub-city center in an area of some 500 hectares including newly reclaimed land. It is one of the public works projects for which Japan promised better access to foreign firms in the construction market talks with the United States in 1988.

*** Agriculture Minister's Rice Issue Problems**

WA1206064090 Tokyo ASAHI SHIMBUN in Japanese 28 May 90 p 2 - FOR OFFICIAL USE ONLY

[Unattributed article in the "Turbulence" feature: "Can the Agriculture Minister, Who Is Good At Domestic Maneuvering, Deal With the United States?"]

[Text] Agriculture Minister Tomio Yamamoto (age 61) on 23 May called core officials of the Ministry of Agriculture, Forestry and Fisheries into his office and stated: "Publicizing the content of a letter even before it reaches the other party is a threatening act. But I won't change my position. Please support me to the end." He was referring to the fact that the U.S. Department of Agriculture on 22 May publicized the letter Secretary of Agriculture Yeutter sent to Minister Yamamoto, which strongly criticized Japan for refusing to open its rice market. Minister Yamamoto warned his men not to be intimidated by this act.

The battle over the rice issue between Minister Yamamoto and the U.S. side began in late April when Ambassador Armacost paid Yamamoto a visit at his office. When Ambassador Armacost said "Aren't Japanese consumers changing their ideas about rice?" Yamamoto argued, "There has been no change at all. The farmers, political and economic circles, and consumers are all against liberalizing the rice market. I am not able to make any move on this issue."

As soon as Secretary Yeutter commented on television that "Japan will probably liberalize its rice market according to the [GATT] Uruguay round," Yamamoto immediately held a press conference and asserted: "It is not right for the United States to assume that the rice market will be liberalized. If they make any further statements, they will be interfering with our domestic affairs."

Now that this problem has caused the United States to protest, Yamamoto said with heroic resolve: "If the government and the Liberal Democratic Party [LDP] falter, the farmers' distrust of politics will increase. My job is to protect the farmers, not to curry favor with foreign countries."

Prior to becoming agriculture minister at the end of February, Yamamoto was chairman of the LDP's Diet Policy Committee. He has been known for his skills in maneuvering ever since he was a member of Gumma prefectural assembly. Even now, from 6 o'clock in the morning, he begins calling LDP officials and explains details concerning bills being discussed, and negotiations underway with the United States regarding the lumber and rice issues. These LDP officials include Shintaro Abe, leader of the faction he formerly belonged to; Mutsuki Kato, chairman of the [LDP] Policy Research Council; and Tsutomu Hata and Koichi Kato, core members of the agriculture zoku [LDP Diet interest group]. In addition, he calls up persons in the opposition camp who handle agricultural issues.

In Abe's office, after consecutive holidays on 10 May, Yamamoto expressed his determination to former Prime Minister Takeo Fukuda and leading Abe faction members: "I will negotiate the rice issue even if I crumble to pieces." In Abe's office he won promises from Abe and others: "We will support you."

He seems to think that the rice crisis will reach a turning point at the end of year when the Uruguay round concludes, and he wants to impress his domestic audience with a strong stance. Many people around him consider his continued tough stance "somewhat calculated."

However, some LDP members involved in agricultural problems disagree: "How can we oppose rice liberalization by just insisting that we will not open our rice market?" Regarding the Yuetter incident, Prime Minister Kaifu, together with Finance Minister Hashimoto, explained to the United States: "We would like to avoid further emotional conflicts. We will state our points calmly at a later date."

Yamamoto is the first LDP Upper House Dietman to become agriculture minister, and has been confronted with the inevitable rice controversy. He said: "Since I do not belong to the agriculture zoku, I can do nothing without everyone's cooperation." Therefore, he pays attention to domestic maneuvering, but his ability to deal in Japan-U.S. negotiations is being tested.

Reaction to Yeutter's Letter on Rice Market

OW0106004090 Tokyo ASAHI EVENING NEWS in English 29 May 90 p 3—FOR OFFICIAL USE ONLY

[Text] Japan received a note from U.S. agriculture secretary Clayton Yeutter on Monday protesting a recent remark by his Japanese counterpart Tomio Yamamoto over Japan's rice imports, Agriculture, Forestry and Fisheries Ministry sources said. Yamamoto recently described Yeutter's earlier demand for the liberalization of the Japanese rice market as constituting interference in Japan's domestic affairs.

The ministry is studying how to respond to Yeutter's official letter of protest, the sources said. So far, government leaders have apparently tried to play down the case because of fears the dispute over the Yamamoto remark could become emotionally charged, according to informed sources.

Japan's position on rice trade will be explained to Yeutter by Jiro Shiwaku, vice minister of agriculture, forestry and fisheries for international affairs, when they attend a ministerial meeting of the Organization for Economic Cooperation and Development (OECD) scheduled for Wednesday and Thursday in Paris, the sources said.

Editorial on Deregulation of Rice Import

OW0606112390 Tokyo THE DAILY YOMIURI in English 3 Jun 90 p 6—FOR OFFICIAL USE ONLY

[YOMIURI SHIMBUN 2 June editorial: "Relax Rice Import Rules"]

[Text] The joint communique issued at the close of the two-day ministerial-level meeting of the Organization for Economic Coopertion and Development Thursday in Paris, emphasized that more talks on farm trade issues are crucial to a successful completion of the Uruguay Round of multilateral trade negotiations by the end of the year.

The United States and the European Community were not able to resolve a dispute over agricultural subsidies during the session. Still, by spotlighting farm trade issues, the OECD meeting may promote progress on the stalled farm trade talks.

Japan, which perhaps more than any other nation has benefited from the General Agreement on Tariffs and Trade's upholding of the ideal of free trade, should make a positive contribution to spur a successful round of GATT negotiations.

Nevertheless, the government is sticking to its insistence on self-sufficiency in rice, waving the banner of "food security" as its rationale. The establishment of new rules to ban rice imports is clearly a step backward for talks aimed at slashing away the strings of agricultural protectionism.

Inflexibility

Although countries such as Switzerland and South Korea take positions similar to Japan's on food security, they have exhibited a far more flexible attitude than Japan. Inevitably, if Japan continues to concentrate its efforts on defending a 100 percent import-free rice market, it will find itself isolated on the international scene as the trade talks progress.

Japan cannot hope to stick to its policy of "not importing a single grain of rice" by hiding behind the present U.S.-EC confrontation over subsidies for agriculture. To surmount this impasse, Tokyo would do well to set a minimum import quota on rice—a step allowed under the current GATT regulations—thereby demonstrating its intention to open its rice market to at least some imports.

While the United States has called for the abolition of the Quota regulation, other agricultural exporting nations support it.

Considering not only the current international atmosphere, but also the fact that Japan is already importing rice in various forms such as rice crackers and prepared pilaf dishes, the government and the ruling party's stubborn insistence on a full rice import ban—taken to secure farmers' political support—is both unrealistic and highly irresponsible.

Cavalier Attitude

Japan's unyielding approach to the issue was readily apparent at the ministerial conference in Paris.

Foreign Minister Taro Nakayama and International Trade and Industry Minister Kabun Muto attended only the opening day meetings and then returned to Japan, leaving Economic Planning Agency Director General Hideyuki Aizawa to hold down the fort. Though the Diet calendar supposedly made it impossible for them to stay, this cavalier attitude toward such an important conference will certainly make it more difficult to gain understanding for Japan's position.

The government should not let itself repeat the debacle over the beef issue, in which farmers were thrown into chaos when the government, bowing to pressure form foreign interests, agreed at the last minute to liberalize the market.

Poll Shows Support for Open Rice Market

OW0506095990 Tokyo ASAHI EVENING NEWS in English 4 Jun 90 p 1—FOR OFFICIAL USE ONLY

[Text] Sixty-five percent of the people are in favor of opening the Japanese rice market to foreign imports and 21 percent back full liberalization, according to an ASAHI SHIMBUN survey. Forty-four percent of the pollees called for limited decontrol. Seventeen percent said they were in favor of phased liberalization, while 27 percent said rice imports should be held to the minimum. Thirty percent said the rice market should be kept closed.

The latest nationwide ASAHI public opinion poll was conducted April 20 and 21. On the rice issue, the pollees were asked to choose from three positions—full liberalization, limited decontrol and keeping the market closed.

Compared with a previous survey in March 1988, the findings of the latest poll show that public opinion is tilting in favor of the liberalization of rice imports. Asked to choose from two positions, maintaining severe import restrictions and decontrol, 55 percent of those polled in 1988 supported the former policy and 36 percent the latter.

Fifty-eight percent of the respondents in the latest survey were in favor of relaxing controls based on the Large-Scale Retail Stores Law to make it easier to open large department stores and other large retail outlets. Asked to explain reasons for supporting deregulation, 20 percent said more stores would make shopping more convenient, while 17 percent said commodity prices would come down.

A U.S. request that the Large-Scale Retail Stores Law be revised or repealed was a chief bone of contention in the Japan-U.S. Structural Impediments Initiative (SII) talks. Washington asserted that this and other U.S. requests in

the talks were in the interests of Japanese consumers. But 59 percent of those polled by the ASAHI said they did not share that view.

Fifty-seven percent of the respondents said more importance was attached to the interests of producers than those of consumers in the present politics, compared with 30 percent who thought the contrary. Sixty-six percent said they were not enjoying a standard of living commensurate with the nation's economic power.

Ex-JSP Chairman Discusses Security Treaty

OW2006144790 Tokyo THE JAPAN TIMES in English 19 Jun 90 p 3—FOR OFFICIAL USE ONLY

[By THE JAPAN TIMES staff writer Tai Kawabata: "Ex-JSP Head Continues Historic Fight Against Pact"]

[Text] In a Lower House session 30 years ago, junior Diet member Masashi Ishibashi, along with other Japan Socialist Party [JSP] legislators, tormented the government with penetrating questions about the Japanese-U.S. Security Treaty. Ishibashi, a former JSP chairman, said recently: "I have no regret at all about what we did. Rather, historical developments since then have vindicated our opinions and arguments."

As a theorist, Ishibashi took pains to work out what he believed was a realistic strategy to achieve unarmed neutrality for Japan, the longstanding creed of the JSP.

One of his efforts as JSP chairman was the adoption of the party's 1984 policy on the Self-Defense Forces [SDF]. The policy stated that although the SDF violates the antiwar Constitution, it exists "legally." Such a stance is designed to enable the JSP to tackle the SDF issue in a practical way without discarding the principle of unarmed neutrality if it should become the ruling party.

U.S.-Soviet example

"Based on the fact that the U.S. and the Soviet Union have proceeded from confrontation to dialogue and cooperation, national leaders have come to understand that as long as a nation relies on armed forces for its security in this age, it eventually leads to nuclear war," Ishibashi said.

Ishibashi was first elected to the House of Representatives in February 1955 at the age of 30-the youngest Diet member at the time. In February 1960 he became a member of the Lower House's Special Committee on the Security Treaty.

"We opposed the newly signed treaty, because it meant that Japan had of its own accord entered into a military alliance with the U.S," Ishibashi said. "In contrast, the 1951 security treaty could be characterized as a leftover from the Occupation years through which the U.S. tried to maintain its vested military interest in Japan even after the nation's independence."

The former JSP chairman went on to say: "History has shown that under the security treaty, the Japanese government cannot say anything about U.S. military operations mounted from Japanese bases.

"We must say that Japan was actually involved in the Korean War under the old security treaty and in the Vietnam War under the current security treaty. But the countries that became the target of U.S. military operations from Japanese bases did not happen to have the ability to hit Japan back."

Anpo Diet session

Ishibashi said that in the Anpo (Securi'y Treaty) Diet session of 1960, the JSP concentrated on specific problems with the treaty "in order to have the people understand the true nature of the treaty."

One such problem was how to define the Far East, as issue related to Article 6. The article says that the U.S. armed forces are granted the use of military facilities in Japan to contribute to the maintenance of "international peace and security in the Far East" as well as to the security of Japan.

After our repeated questioning, the government replied that the Far East means areas around Japan and that they include the Philippines and areas north of the islands," Ishibashi said. "But the fact shows that there is no limit to this Far East. U.S. naval ships which use Japanese bases have gone as far as the Persian Gulf for military operations.

Another problem concerned the "prior consultation" mechanism. An agreement through an exchange of notes states: "Major changes in the deployment of United States forces into Japan, major changes in their equipment, and the use of facilities and areas in Japan as bases for [operations to] be undertaken from Japan" other then operations to cope with a military attack against Japan or U.S. military facilities in Japan "shall be the subjects of prior consultation with the Government of Japan."

Prior consultation

Commenting on the agreement, Ishibashi said: "The government stated that if the U.S. consults with Japan over introduction of nuclear weapons or long-range missiles, the Japanese government will say no. But the government said on record that the Japanese government is not uspposed to initiate prior consultation. This means that as long as the U.S. does not initiate prior consultation, it can launch whatever military operations it wants from Japanese bases."

As to the intention of Prime Minister Nobusuke Kishi, the signer of the 1960 security treaty, Ishibashi said: "He may have wanted to put Japan on the same footing as the U.S. through the revision of the security treaty thus ending the de facto continuation of the Occupation as exemplified by the security treaty of 1951. But what he

achieved through the treaty revision was a mechanism under which Japan has voluntarily allowed the U.S. to freely use bases in Japan for military operations. I would say that this is the case of a brilliant guy betrayed by his beautiful theory."

In the Anpo Diet session, the ruling Liberal-Democratic Party railroaded the treaty through the Lower House special committee and the plenary session on May 19, so it would be automatically approved by the Diet through a constitutional provision June 19, the day of the scheduled arrival in Japan of U.S. President Dwight Eisenhower.

The LDP's act fueled the protest movement. Waves of demonstrations were staged by students, unionists, intellectuals and ordinary citizens near the Diet building, with 330,000 gathering there June 18.

Three days earlier Michiko Kanba, a 22-year-old student at the University of Tokyo, was killed in clash with riot police.

Ideal struggle

Ishibashi characterized the anti-Anpo movement as an "ideal form of struggle."

"People inside and outside the Diet fought together in complete union," he said. "It was the peak of postwar peace and antiwar movement." He said the core of the movement was not unionists but students. "This is because they were conscious of the danger of war," he said. "It was they who would be the first forced to go to the battlefield."

Ishibashi countered the argument that the anti-Anpo movement was directed by international communism. "I have no knowledge of such a move," he said. "It is an appalling argument. If there had been such a move, some evidence would have cropped up by now."

Despite his high evaluation of the anti-Anpo movement, Ishibashi becomes pensive when discussing the years following the struggle.

"It was the government and ruling Liberal-Democratic Party that learned most from the anti-Anpo movement," he said. "Since then, they have employed every means to protect the regime. Look at the heavy equipment of riot police, strict restrictions on rallies and demonstrations, and the Education Ministry's control on education. Because of these things, there are no more students such as those that existed during the days of the anti-Anpo struggle."

"We have to admit that after the anti-Anpo struggle, we failed to continue to raise people's peace and antiwar consciousness and to co-opt the civic antiwar movement into our camp," Ishibashi went on to say, "whereas the powers that be made the utmost effort to achieve their goals."

Armament increase

Ishibashi denied that the security treaty has had the effect of preventing Japan from becoming a military power. "The fact is that under the security treaty, Japan's armaments have steadily increased to the point that a U.S. Marine Corps commander stationed on Okinawa (Maj. Gen. Henry C. Stackpole III, commander of the Marine Corps in Japan) has come to expres his worry about it," he said.

"If there is something that is preventing Japan's full-scale militarization, it is the war-renouncing Constitution. By now, the military has achieved almost everything it wanted. The things left unachieved by them because of the Constitution are very few—a conscription system, power to declare war, martial law, and the establishment of military courts."

Despite his vehement opposition to the security treaty, Ishibashi does not necessarily call for its immediate abolition. Rather, he thinks Japan should make efforts to make the treaty "exist only in name but be dead in substance."

Military Threat

Ishibashi said Japan first should stop citing the "Soviet military threat" and freeze its military buildup.

"Then Japan should actively commit itself to building peace on the Korean peninsula," he said. "In concrete terms, Japan should do the same thing to North Korea as it did to South Korea—apologize for its past conduct and give economic assistance. If tension on the Korean peninsula lessens, there will be an impetus to reduce Japan's armament level. The U.S. would withdraw from South Korea, Japan and the Philippines."

"If such a situation prevails the 'hollowing' of the security treaty will progress, and people will come to support the idea of abolishing the treaty," Ishibashi said. "Thus Japan will come closer to the ideal of unarmed neutrality."

With regard to Japan's future relations with the U.S., Ishibashi said: "If the security treaty is hollowed, it is logical that economic relations between the two countries should have more and more weight. Japan should build friendly relations with the U.S. by making its utmost effort to remove trade friction."

As to what the JSP should do in the current political environment, Ishibashi said, "The JSP first and foremost must have a strong will to become the ruling party." If the JSP becomes a majority party, it should make efforts to push demilitarization of Japan through control of the budget and SDF personnel, as well as through education of both ordinary citizens and SDF members, Ishibashi said.

Communist Party Statement on Security Treaty

OW2306103690 Tokyo JPS in English 0916 GMT 23 Jun 90—FOR OFFICIAL USE ONLY

[Text] Tokyo, Jun 23 JPS—Mitsuhiro Kaneko, head of the Secretariat of the Japanese Communist Party, issued a statement on the 30th year of the effectuation of the Japan-U.S. security treaty. The full text of the statement follows:

1. June 23 this year marks the 30th anniversary of the effectuation of the present Japan-U.S. security treaty (Japan-U.S. military alliance). This 30th anniversary is marked by the strongest rise of international public opinion for the abolition of military alliances. The "Soviet threat" argument, which has been used by the Liberal Democratic Party government for the biggest pretext for maintaining the security treaty system is a mere fiction—the U.S.-Soviet summit talks declaring a break-away from the "cold war structure" and the de-facto collapse of the Warsaw Treaty Organization caused by drastic changes in the Eastern Europe, have made this apparent.

Notwithstanding this the government and the Liberal Democratic Party are clinging to the Japan-U.S. military alliance, formulating a new arms buildup program of over 23 trillion yen for the next 5-year period, by using this or that pretext for the continuation of the Japan-U.S. security treaty. The Japanese Communist Party condemns this anachronistic attitude of the government and the LDP against world public opinion. The JCP is consistent in demanding the abrogation of the Japan-U.S. security treaty.

2. The Japan-U.S. military alliance has now been strengthened to a "military, political and economic alliance". Their threatening effects cover all aspects of the people's living.

In these 30 years the area of the bases which the U.S. forces can use has been expanded to about 1.8 times. The bases have become nuclear military bases, and no one can deny the fact that the three non-nuclear principles have been made dead letters. The explosion and fire on board the U.S. nuclear aircraft carrier Midway off Cape Nojima, Chiba Prefecture, has shown us the real danger that the Japanese land and the people are always exposed to the danger of a serious nuclear accident. Japan's military spending 30 years ago ranked 16th in the world. Now it is third in the world. Japan-U.S. joint operational setup has become more closely linked and joint exercises more intense.

The "political and economic role" of the Japan-U.S. security treaty has recently been played up by the LDP government to make its military role less impressive. But the substance of the Japan-U.S. security treaty, a military alliance with the possibility of Japan being turned into a nuclear war base, cannot be concealed with whatever maneuvers. The emphasis on "political and economic role" of the security treaty has an aim of facilitating U.S. to interfere in internal affairs of Japan, as seen in the question of liberalization of rice imports and the Japan-U.S. "Structural Impediments Initiative" talks.

As to whether the Japan-U.S. security treaty should be abolished or not has become the most important question concerning Japan's sovereignty over its military, political, economic and civil affairs, as well as the people's destiny.

3. As the evils of the Japan-U.S. military alliance have become apparent and the fiction of the "Soviet threat" argument has been disclosed, public opinion for the abrogation of the Japan-U.S. security treaty, a new condition has been created to win a consensus from a wider range of the people for the abrogation of the treaty. Joining hands with people who are anxious about Japan being bound by the military alliance with the U.S., the JCP will do its utmost for winning an agreement from a wide range of the people for the abrogation of the Japan-U.S. security treaty, and for a truly independent, nuclear-free, non-aligned and neutral Japan.

Defense Agency To Pay More on U.S. Bases

OW2205043990 Tokyo THE DAILY YOMIURI in English 20 May 90 p 1—FOR OFFICIAL USE ONLY

[Text] Defense Agency Director General Yozo Ishikawa said Friday he agreed with U.S. Defense Secretary Dick Cheney's recent request for Japan to increase its share of the cost of stationing U.S. forces in Japan. Ishikawa's remarks, in response to questioning by Haruko Yoshikawa, a Japan Communist Party member, were made during a meeting of the House of Councilors Budget Committee.

Cheney said that Japan should pay all yen-based costs for stationing U.S. forces in Japan.

Although the United States has not made a formal request, Ishikawa said the payment was necessary for maintaining the U.S.-Japan joint defense system. Ishikawa said Japan should cooperate fully with the United States to maintain the defense agreement.

Japan has paid the wages and allowances of Japanese employees working at U.S. bases and the cost of housing for U.S. military personnel. A total of Y440 billion has been allotted to cover these "burden-sharing" costs in the fiscal 1990 budget draft.

The United States, however, has asked for a further increase in Japan's share because of cuts in U.S. defense spending.

'Nuclear Military Alliance' With U.S. Viewed

OW2206131190 Tokyo JPS in English 0910 GMT 22 Jun 90—FOR OFFICIAL USE ONLY

[Text] Tokyo Jun 22 JPS—AKAHATA on June 22 carried an editorial entitled "No Nuclear Warships Wanted in Japanese Waters". The full text of the editorial follows:

The news that there were explosions and a fire on June 20 on board the U.S. Navy aircraft carrier "Midway", whose home-port is Yokosuka port (Kanagawa Pref.), while sailing off Cape Nojima (Chiba Pref.) has shown the real danger of U.S. nuclear warships using Japanese ports as their home ports and sailing in the waters of the Japanese archipelago at liberty. It is well known that the Midway is the main strength of the U.S. 7th Fleet with a mission to cover the Pacific and Indian Oceans, and that the ship is capable of carrying nuclear bombs and anti-submarine nuclear depth charges. The Japanese people keenly demand that these dangerous nuclear warships, in which accidents involving them would be fatal, be immediately withdrawn from Japanese waters.

No details on the cause of the accident have yet been made clear, but the seriousness of the accident is obvious from the reports that the fire lasted for about 12 hours and that 2 of the crew were killed and 16 were seriously or slightly injured. This is the most serious accident involving the Midway since it began to use Yokosuka as its home port.

The accident occurred after the ship left Yokosuka port on June 18 on its way to some Japan-U.S. joint exercises with the Japanese Maritime and Air Self-Defense Forces [SDF]. It cannot be overlooked that the accident took place during a de-facto Japan-U.S. joint operation, since it has been revealed that plural officers from the Japanese Defense Agency and the SDF were aboard the Midway.

The suspicion that nuclear weapons are mounted on board the Midway has been pointed to many times, including in the testimonies of Captain Laroque in 1974 and Edwin Reischauer in 1981. Admiral Carroll, former captain of the Midway who visited Japan in October last year, testified that the ship carries nuclear weapons during its voyages in international waters and during its port-calls. The Japanese Communist Party Presidium Vice-Chairman Koichiro Ueda in the House of Councilors Budget Committee raised the question that a unit with the task of dealing with nuclear weapon accidents has been deployed to the Midway.

A fire on board a warship with nuclear weapons may not immediately cause the destruction of nuclear bombs. But in the event of a nuclear warhead catching fire and breaking up, a large quantity of plutonium could be diffused which could have serious effects on human beings and the environment. No one can deny that this accident is next only to the most serious of danger. Port-calls and exercises by nuclear warships should cease, and the use of Japanese ports as their home-ports should be withdrawn at once.

The U.S. Navy is accident-prone. Their accidents include the explosion of a gun turret on the warship "Iowa" in the Atlantic in April last year causing 47 deaths, fire on a battle supply ship in the South China Sea, and an explosion and fire on an aircraft-carrier in the west Atlantic. Such accidents mean that a serious accident could take place any time. Investigations into the cause of this accident must come before everything else.

The attitude of the Japanese Government should be seriously called into question. As soon as the news broke, citizens, local autonomies and democratic organizations raised their voices opposing the return of the Midway to Yokosuka port, and demanding the withdrawal of home-port arrangements. But the Liberal Democratic Party government made no objection to the ship returning to port, and is waiting for the U.S. to give an explanation of the cause of the accident.

This is an outrage because it gives priority to U.S. military interests above the safety of the Japanese people.

The government replied in the Diet on June 21 that it is not going to question the U.S. as to whether the ship carries nuclear weapons or not, simply because an accident has occurred. The fact is this attitude of the Japanese Government is supported by Japan-U.S. secret agreements that port-calls by nuclear warships should be outside the coverage of prior consultations. This has recently been confirmed by a statement by Douglas MacArthur, U.S. ambassador to Japan at the time of the revision of the Japan-U.S. security treaty. The suspicion on the U.S. bringing nuclear weapons in Japan should be thoroughly investigated.

For the peace of Japan and the world and for the safety of the people, it is urgent to arouse public opinion and develop the movement to demand the withdrawal of nuclear military bases and units, and the abolition of the nuclear military alliance. It is not sufficient to have the Midway withdrawn from Yokosuka port. The home-port arrangements of Yokosuka for the new aircraft carrier "Independence" should be rejected.

Return of U.S. Facilities in Okinawa Sought

OW2605223790 Tokyo ASAHI SHIMBUN in Japanese 19 May 90 Morning Edition p 3—FOR OFFICIAL USE ONLY

[Text] In connection with the issue of the return of U.S. military facilities in Okinawa, which has become a focal issue, a government source disclosed on 18 May that 23 military facilities are subject to negotiations by the Japan-U.S. Joint Committee. Included are 18 facilities the issue of whose return has been long shelved despite approval for their return by the Japan - U.S. Security Consultative Committee. Also included are seven facilities that Okinawa Prefectural Governor Nishime asked the U.S. State Department and Defense Department to return when he visited the United States in the spring of 1988. Since Naha military port and Ieshima auxiliary airport are included in both these groups, the actual number of facilities subject to negotiation is 23.

An official concerned with the joint committee made it clear that an interim report on the return of the facilities,

which is to be released by the committee this summer, would indicate concrete plans for the return of the facilities, classifying the facilities into the two categories "those to be returned immediately" and "those to be returned after their functions have been transferred to other facilities." According to the official, the U.S. side is eager for the negotiations. If the takeover of the facilities by local residents and landowners progresses smoothly, there is a possibility that U.S. Forces could return a large number of facilities to them.

According to the North American Affairs Bureau of the Foreign Ministry, although the consultative committee agreed to return 18 facilities during the period from Okinawa's reversion to 1976, this has yet to be done. The area of the 18 facilities accounts for 54 percent (about 30,770 thousand square meters) of the total facilities under negotiation by the joint committee. At the time, the consultative committee attached the condition that some facilities would be returned after their functions were transferred to other facilities.

Of seven facilities Governor Nishime has asked to be returned, two are included in the 18 facilities the consultative committee has agreed to return. Futenma Air Station is also included. The 18 facilities also include a golf course used by U.S. military servicemen. In anticipation of a large-scale return of facilities, the Okinawa Prefectural Government plans to provide administrative guidance to cities, towns, villages concerned in accordance with the Law on the Diversional Use (Utilization) of Returned Facilities.

Facilities to be returned are as follows:

Facilities the Japan-U.S. Security Consultative Committee has agreed to return: Naha port facility (Naha military port), Naha Service Center, offices of the Engineering Corps, refrigeration warehouses in Naha, Ieshima auxiliary airport, Okuma Recreation Center, Onna Communications Center, Camp Kuwae, Futenma Air Station, a supply base in Makiminato (the southern outside part), a supply base along the Highway 58, an ammunition dump area on Kadena Air Base (on the southern part of Highway 58), an ammunition dump area on Kadena Air Base (on the southwestern part of Highway 58), the Northern Training Ground, Camp Schwab, Camp Hansen, Yaedake Communications Center, and Camp Zukeran.

Facilities Governor Nishime has asked to have returned: Naha military port, Urasoe-Ginowan pipelines, Futenma Air Station, Ieshima auxiliary airport, Awase Golf Course at Camp Zukeran, Okuma Recreation Center, and Onna Communications Center.

Editorial on U.S. Perception of Japanese

OW2605191290 Tokyo THE JAPAN TIMES in English 25 May 90 p 24—FOR OFFICIAL USE ONLY

[Editorial: "Critics Can Also Be Friends"]

[Text] Japan's relationship with the United States has been rocky in the last couple of years. First, the U.S. cited this country for alleged unfair trade practices under the Super 301 provision of its 1988 omnibus trade bill. Then, some members of Congress threatened to pull out of joint development of the FSX, Japan's next fighter plane. And finally, negotiators from both countries unabashedly criticized each other's economic and political systems in the last round of the Structural Impediments Initiative talks.

It comes as no surprise, therefore, that Japanese and Americans are becoming slightly annoyed with each other. Yet given all our recent disputes, things are not nearly so bad as some reports suggest.

According to a widely cited New York Times CBS News-TBS (Tokyo Broadcasting System) opinion poll last year, 68 percent of the Japanese felt "very friendly" or "somewhat friendly" toward Americans and 79 percent of Americans felt "very friendly" or "somewhat friendly" toward the Japanese.

But despite this continuing store of mutual good will, the media on both sides of the Pacific have emphasized the negative attitudes of some rather than the positive attitudes of the majority with the usual cliches: accusations were "flying," tempers were "flaring" and, of course, tension was "mounting." Opinion polls should strive to be relatively objective, but the results of some surveys have been biased from the start in the way the questions were asked and the results interpreted.

Perhaps the recent poll most frequently referred to was one that appeared last August in an important U.S. news magazine. The Americans polled were asked this question: "If you had to say, which do you now think is a more serious threat to the future of the country—the military threat from the Soviet Union or the economic threat from Japan?" Only 22 percent responded that the Soviet military threat was greater, while 68 percent replied that Japan's economic threat was more serious.

Most analysts here took that to mean that Americans were frightened of Japan, and perhaps even outrightly hostile, suggesting that Japan had replaced the Soviet Union as America's No. 1 enemy. But that interpretation seems directly contradicted by overwhelming evidence that most Americans still feel friendly toward this country.

There is a more benign interpretation of that poll which has been absent from most Japanese commentaries. First, many Americans clearly now feel that the Soviet military threat is greatly reduced, so it does not take much for Japan's economic threat to appear greater. In other words, the poll actually may reflect the perception of Americans that economic competition now is more important than military rivalry.

Furthermore, the fact that people in the U.S. perceive an economic threat from this country does not necessarily imply that they feel hostile or blame Japan for America's

economic problems. They may simply realize that failure to meet Japan's competitive challenge poses a real threat to the U.S. economy. In that sense, Americans may be being realistic, not antagonistic.

Analysts in the U.S. have made much ado about another American poll in which various percentages of Japanese respondents attributed U.S. economic problems to specific traits, including "a lazy work force," "incompetent management" and "a poor education system." But this should carry less weight since the Japanese were simply choosing from a list prepared by those conducting the poll. It is true most often that we are even more critical of our own country than of the U.S.

By manipulating respondents and exaggerating their answers, the media often make it appear that tensions are "mounting" more than in fact they are. To the extent that they actually are increasing, the blame must lie as much with sensationalized reporting as with genuine friction between Japan and the U.S. The media here have made reporting on U.S. "Japan bashers" a national pastime, while some American reportage has resorted to the use of blatant symbolism to portary this country's investment in the U.S. as a hostile invasion.

The scope and depth of our bilateral economic and security relationships mean that some disputes between Japan and the U.S. are inevitable. The remarkable thing may be not that we currently are so critical of each other but that our overall attitudes remain so positive and so favorable.

'Hysterical' U.S. Criticism Calms Down

OW0306122690 Tokyo THE DAILY YOMIURI in English 2 Jun 90 p 9—FOR OFFICIAL USE ONLY

["Currently Speaking" column by Yasuhiko Shibata: "How Long Will U.S. Stay Calm"]

[Text] The number of Americans who feel more threatened by Japan than by the Soviet Union is increasing, but the hysterical criticism of Japan seems to be cooling down. Because the Structural Impediments Initiative [SII] talks settled most of the major issues between Japan and the United States in April, the U.S. Government, particularly the White House, reportedly kept Congress from taking a hard line against Japan.

This policy change by the Bush administration was prompted by rightful insight along the lines of, "The more we argue with Japan, the more anti-American sentiment will increase in Japan." The present situation is desirable for Japanese who hope to settle the economic issues between Japan and the United States calmly and logically. But the question is, how long will this cooling down last?

I heard a rumor that U.S. Secretary of State James Baker played a major role in bringing about this calm. I have been wondering what his aim was. A major reason is reportedly that he believed Japanese money is needed to support economic reform in Eastern Europe.

The U.S. Government was quick to support East European countries intent on economic reform. However, this support is largely in the form of investment and technical cooperation by private enterprise and technical cooperation because the U.S. Government is itself in financial difficulty. Japanese financial assistance is therefore indispensable.

Baker pressed for a quick settlement in the SII talks, stressing that Japanese cooperation is vital to solve the problems of Eastern Europe. In other words, the United States would probably prefer to take advantage of Japan in its own national interests rather than bash Japan and increase anti-American sentiment among the Japanese. This thought gradually filtered into the U.S. Congress and mass media and cooled the criticism of Japan.

There is also another view. According to a recent issue of THE WASHINGTON QUARTERLY, an American journal of international affairs, the role of Japan in the world economy will increase in the 1990s. The magazine says that cooperation between Japan and the United States in the field of high technology will play an important part in solving the economic friction between the two countries.

Whether or not the United States is motivated by a desire to make the most of Japanese money and technology, I appreciate its decision to treat Japan-U.S. friction rationally and to try to solve the problems through cooperation.

Even U.S. Ways and Means Committee Chairman Dan Rostenkowski, who has previously taken a hard line, now says, "Eighty percent of the responsibility for the American trade deficit with Japan is the U.S.'s." However, I wonder if this cooling in excessive criticism of Japan will last long. The United States is still seeking a chance to make a hole in the "closed country of rice," and the agricultural problem is the main issue in the Uruguay Round talks. As long as the U.S. demands are not satisfied, the criticism of Japan will arise again.

Meanwhile, some U.S. congressmen who think that a rapid expansion of exports to Japan is an impossibility, have started to point their fingers at Japanese enterprises doing business in the United States. Specifically, they are seeking more stringent taxation on foreign companies operating in the United States and investigation of intra-group trading among Japanese companies in the United States.

Japanese Government officials and business groups have started to breathe a sigh of relief, because they think that the criticism of Japan has cooled down. However, if you recall the history of Japan-U.S. friction, it is obvious that this lapse is a temporary phenomenon.

It is not necessary for Japanese to be too pessimistic about the future of Japan-U.S. relations, but it is important to remember that if Japan does not take U.S. demands seriously for the opening of Japanese domestic markets and economic reform, Japan will be subjected to

unexpected treatment. Because the U.S. criticism of Japan is not a dormant volcano—it is an active volcano which is just taking a break.

* Shintaro Ishihara Interviewed on New Book

WA1206024090 Tokyo SHUKAN GENDAI in Japanese 16 Jun 90 pp 190-193 - FOR OFFICIAL USE ONLY

[Interview with LDP Dietman Shintaro Ishihara by Jiro Koitabashi, with editorial comments—date and place of interview not given—boldface passages as published in original]

[Text] **Shintaro Ishihara made the following remarks: "American politicians do not understand economics, and their business managers are like Central or South American dictators;" "Japan-U.S. friction, after all, sprang from the frustrations Americans feel against non-Caucasian peoples who are doing well;" "It is our turn to send 'black ships' to the United States;" "The United States should strive to help itself."**

During my recent visit to the United States, I strongly felt that the standards of the U.S. Congress and its politics are low. Although the quality of Japanese politics is not high, it is even worse in the United States.

When I was in New York and Washington D.C., I met with rather "highbrow" personalities who were very critical of American politics. Moreover, Americans who have been long-term residents of Japan are also critical of American politics.

Washington D.C. is a strange city where politicians think they are in the center of the world, just like the axle of a wheel, but without spokes. **When you are in Washington D.C., you cannot see the whole world, just like swimmers in the Nagatacho [Diet] pool having the illusion that their records are world records. Nagatacho has closed doors, but Washinton D.C. is even worse.**

There are few politicians in Washington D.C., who understand economics.

[Interviewer's note] Shintaro Ishihara, age 57, made his second visit to the United States this year from 19 to 27 May. He visited New York, Detroit, and Washington D.C. Immediately after his return to Japan, he was interviewed in his office in Akasaka, Tokyo. He began talking about his active contacts with local people, such as attending a "town meeting" in Detroit, where he insisted that Japan should say "no," and revealed his strong impression of America's low-level politics.

For example, Deputy Secretary of Commerce Fallon in March at a small committee meeting on U.S. international trade remarked that if Japan opened its markets, the U.S. trade deficit would quickly turn in the black, as the trade balance with the European Community had done. However, what he said is absurd and impossible. A Japanese official would never say anything like that. His remarks are either flattering or inciting to politicians, and are unfounded and ignorant.

Mr. McNamara, the former president of Ford Motor Company, former Secretary of State for President Kennedy, and former president of the World Bank, clearly stated in NEWSWEEK that although Japan's markets are somewhat closed, opening Japanese markets will not change the U.S. trade deficit. He said the lack of economic and industrial competitiveness is the reason for the U.S. trade deficit. He is right.

U.S. Demands Are Full of Contradictions

American politicians and businessmen seek instant results. They lack continuity and stability, of which Japanese government offices are proud.

For example, if the yen gains value suddenly, Japanese companies, including contractors for small to medium-size companies, will take pains to rationalize their management to protect their products so as to maintain competitiveness and stability.

How about the United States? **For example, when Japanese cars lost their competitiveness because of the rise in value of the yen, Iacocca, president of Chrysler Motors, raised the price of his cars rather than investing in facilities. All he did was to sell high to make temporary gains for his company, which is an immoral act.**

From our viewpoint, American business managers resemble Central or South American dictators. They monopolize gains and fire employees freely. That is why workers are not loyal to their companies and why their productivity does not improve. On the other hand, management is not loyal to their workers. Therefore, there is no harmony between management and workers, resulting in endless problems between them.

In the recent Structural Impediments Initiative [SII] talks, the United States insisted that the Japanese should reduce the level of their savings. They made the stupid suggestion that Japan should operate ATM machines 24 hours a day to increase spending. How much money can young people cash late at night? Besides, rather than using these machines, Japanese carry a lot of cash because they do not have to worry about being mugged by thieves. So I said: **Then why don't you reduce the hours from 24 to 12 when people can withdraw money from ATM machines? You could save some money that way.**

On the other hand, being the actual controller of the International Monetary Fund [IMF], the United States wants Japan to save more money to give to the IMF for the economic development of Eastern Europe.

The intellectuals in Washington D.C. laughed uproariously when I asked what, after all, should the Japanese do, save or spend?

That is why I said in the United States that the main reason for Japan-U.S. friction is the difference in our

capitalist economic systems, as well as cultural differences. Therefore, **Japan does not have to be the same as the United States. In this respect, Japan can freely say "NO."**

[Interviewer's note] Mr. Ishihara's book, "A Japan That Can Say 'NO,'" which he co-authored with Sony President Akio Morita, has sold over one million copies. His second book, "A Japan That Can Still Say 'NO'" ["Sore Demo Nihon wa 'NO' to Ie!"], which he authored with Shoichi Watanabe and Kazuhisa Ogawa, is reported to have already sold 200,000 copies.

Ishihara continues to "diagnose" the problems of the United States.

The United States Should Recognize Japan

According to calculations done by the Nomura Research Institute, which figured the difference between Japan's assets in the United States and what the United States owes Japan, the United States owes one trillion 20 million dollars now, and in the next five years the difference will increase to 2 trillion dollars no matter how hard the United States tries to reduce it. This huge sum of money will cause the United States to be an enormous debtor nation.

Japan is the only nation in the world which has no debt. Since Japan no longer has any debt, it can maintain low interest rates without fearing inflation. However, the United States maintains high interest rates to avoid inflation, which discourages private enterprise from borrowing and investing in facilities. American low-level politics is to be blamed for this.

I said things like this in the United States. I also said that some Japan-bashers are basically frustrated because the non-white Japanese are doing so well. One can detect the difference in expressions when Americans criticize Europeans.

But things will change in Japan-U.S. relations in a few years. The United States cannot but recognize Japan as an equal partner in order to sustain itself and the world.

Perhaps my remarks have been rather stimulative. However, in the past, Japan was pushed towards civilization by the "black ships" from the United States. Now we should send the "black ships" back to them. (laughter)

Regarding responses to my remarks, the higher the audience's intelligence, the better the response has been. When I participated in a "town meeting" in Detroit, the responses of the local workers reminded me that the United States is still strong. They applauded when I said that Americans accused Japan of closed markets. But they also applauded when I commented that for an economic power, the United States is not making efforts to help itself.

The politicians in Washington D.C., however, showed little response.

[Interviewer's note] Mr. Ishihara said: "It is surprising that no one has ever sent messages like mine to the United States. Unless we send them 'black ships,' they will not wake up." He also talked about the turbulent world situation.

No One Can Deny Racial Superiority

When I talked with writer Frederic Forsythe, he expressed the same thoughts. He said the Soviet Union will fall into great disorder, thus putting Gorbachev in a difficult position. Lithuania will be independent in the end. The world is in an upheaval. If China insists on unifying under Maoism, it will become a second Azerbaijan. China will probably become a united federation.

I talked to a Chinese high official. The Chinese lack the concept of a currency market, not to mention labor costs and repayment. It will take a long time for China to adopt a market economy.

In addition, Japan will be in trouble if China becomes industrialized without proper environmental considerations. At present, Japan suffers from acid rain, which is caused by smoke from the Baoshan steel complex. China, like Europe, has no environmental measures. Europe should learn from Japan, which has the best environmental technologies in the world, but it doesn't. Japan should, for example, choose a small European country as a "testing ground" and thoroughly assist in this project. We will change laws and send officials to handle these matters. This way, we can see results within 10 years. Thus, Japan's reputation will inspire the Southeast Asian countries to seriously seek Japan's cooperation. Because if Japan makes inroads directly into Southeast Asia, there may develop an "allergy" and resistance. However, it seems that the United States and Europe fear the combining of Japanese money and technology with East European labor forces.

When you look at Japan and Germany, what should happen is happening. **If I mention racial superiority, people criticize me, saying that I am a racist. Take running, for instance; one runner takes 20 seconds to run 100 meters, while the other takes 10. This is competition, just like competition in economics and industry. Where there is competition, some will win and some will lose.** People often ask me if the Japanese are really superior. So I turn the question around and ask whether or not they totally disagree with me. This usually silences the questioners.

Japanese politics? I guess Prime Minister Kaifu has a stable administration because he does what the United States tells him to do. But U.S. policies are questionable. Look at the exchange rate policy, for example; it is not comprehensive at all. (laughter)

Well, if radical political reform is implemented and a law on parties put in effect, the power of political parties will become concentrated. Then criticism will inevitably

arise to split the party. If that happens, there may be a reorganization of the political world.

Soviet Union

Soviet Pacific Fleet Seen Entering Decline

OW0606101090 Tokyo THE DAILY YOMIURI in English 5 Jun 90 p 1—FOR OFFICIAL USE ONLY

[Text] After years of steady build-up, Soviet Naval strength in the Pacific Ocean has started to decline. The number of submarines and major surface ships is likely to fall by 27 percent by the latter half of the 1990s, according to an internal Self-Defense Force [SDF] document released Monday. While the SDF document said the Soviet Union often excludes againg ships from its strength calculations, the data compiled show a decline even when that is taken into account.

It is the first time the SDF estimate of Soviet power has shown a decline from a previous estimate.

The document, titled "Strength Estimates for major Ships in the Soviet Pacific Fleet," begins with a note that the pace of modernization for Soviet naval vessels has slowed, and the scrapping of aging ships has increased.

In particular, the Soviet Pacific fleet in 1989 had 141 submarines and 103 major surface ships. At the present pace of modernization and scrapping, Soviet naval strength in the area in 1995 to 1996 will be about 98 submarines, a decline of 30 percent, and 81 major surface ships, a drop of 22 percent, according to the document.

The slower pace of naval shipbuilding is probably due to the Soviet Union's worsening economy, an SDF official said. He added, however, that Japan's method of estimating Soviet naval strength will have to change, as any ship with a gun and torpedo capability was counted in the past as a naval vessel.

The document concludes that Soviet naval strength in the Pacific will continue to decline, but that the remaining ships will be more modern, efficient vessels." "In the short term, at least, the Soviet Navy will be a compact, powerful force."

A top SDF official acknowledged that the defense forces had often been able to get what it wanted by evoking the threat of a continually expanding Soviet Navy in the Far East. The internal SDF document's acknowledgement that Soviet forces are actually in decline is therefore expected to have a great effect on future defense procurement policy, particularly in Diet deliberations, observers said.

Survey To Check Residents, Remains on Sakhalin

OW0206211990 Tokyo ASAHI EVENING NEWS in English 1 Jun 90 p 3—FOR OFFICIAL USE ONLY

[Text] A check on the number of Japanese living on Sakhalin Island and their livelihood and a dispatch of a team to collect the remains of Japanese soldiers on the island will be carried out for the first time since the end of World War II this summer, according to Soviet diplomatic sources in Tokyo Thursday. The check and team dispatch had been requested of the Soviet Union by the Japanese Government.

The Japanese Government welcomes the permission to collect remains in Soviet territory, calling it epoch-making. The Soviet Government had informed Japan Wednesday that it was approving for the first time visits to graves on Etorofu Island. All these steps are being taken from the humanitarian standpoint, but they are considered indications of the Soviet wish to improve relations with Japan.

According to the Foreign Ministry, there are believed to be about 300 Japanese living on Sakhalin Island. Of the total, 12 returned to Japan for a visit on May 28. However, the exact number of Japanese who remained behind on the island at the end of the war and are still living there and what kind of lives they are leading are unknown. The Japanese Government had been asking the Soviet Government from last year to carry out a check.

The Japanese survey team will consist of Foreign Ministry and Health and Welfare Ministry officials and will go to Sakhalin in the end of June or beginning of July. The check will be carried out mostly around Yuzhno Sakhalinsk, where many Japanese are living.

The Soviet diplomatic sources in Tokyo said the remains collection team would be welcome at the end of July or beginning of August. They said the team can search for remains together with Soviet people, cremate the remains and take them back to Japan.

Soviet Academician on Japanese POW's in Siberia

OW2006122790 Tokyo YOMIURI SHIMBUN in Japanese 19 Jun 90 Morning Edition p 3—FOR OFFICIAL USE ONLY

[Text] Aleksey Kirichenko, visiting chief of the International Cooperation Department of the Far East Institute under the Soviet Academy of Sciences, granted an interview to YOMIURI SHIMBUN on 18 June. He was in Matsuyama City to visit a graveyard for Russians there.

On the issue of [Japanese war] detainees [in the Soviet Union], Mr. Kirichenko said: "It is said Japanese prisoners of war [taken to the Soviet Union after World War II] numbered about 600,000. No investigation has ever been conducted, however, on their accurate number in the Soviet Union. We will have to locate documents

remaining in the Soviet Union and discover the truth about the number of prisoners taken and those who died while in captivity. We also need to identify their graveyards. To do that, it is desirable to have a Japanese-Soviet joint council on detainees established. I think the governments of both nations will support the idea."

Mr. Kirichenko revealed that a movie filming old sites of Japanese detention centers and Japanese graveyards in Irkutsk have been completed, and added that he is ready to cooperate in various information exchange activities in Japan.

He referred to the Japanese-Soviet Neutrality Pact of 1941, and said that in view of the fact the pact was valid for five years, the Soviet Union annulling the pact and going to war on 8 August 1945 was unlawful." He also remarked on the detention of the prisoners of war, and said: "The Potsdam declaration stipulated soldiers be returned to their own countries so they may live in peace. It was unlawful to detain the many Japanese soldiers in Siberia."

JCP Appeals for Press Rights in Lithuania

OW2805103990 Tokyo JPS in English 0949 GMT 28 May 90—FOR OFFICIAL USE ONLY

[Text] Tokyo May 28 JPS—The Central Committee of the Japanese Communist Party [JCP] sent a letter to Soviet President Mikhail S. Gorbachev on May 28, strongly requesting the guaranteeing of freedom for all foreign correspondents in Lithuania, including those from AKAHATA, the newspaper of the JCP, for their activity in collecting news material. The letter was made public by Hiroshi Tachiki, chairman of the International Commission of the JCP, at a press conference held in the evening the same day. The letter (English translation by JPS) follows:

To President Mikhail S. Gorbachev, Union of Soviet Socialist Republics,

The Central Committee of the Japanese Communist Party strongly requests you, the president of the Soviet Union, to guarantee freedom for the collection of material, to all foreign correspondents in Lithuania, including those from AKAHATA, the news paper of the JCP.

Needless to say, freedom to report and gather material is one of the important principles of democracy, which is widely confirmed and established internationally. For example, the Constitution of the Soviet Union in Article 9 states the "expansion of openness" as one concrete measure for the "further development of socialist democracy", and Article 50 guarantees "freedom of press, publishing, gathering, mass meeting, march on the street and demonstration march", and as one of guarantees for their realization, it cites "wide spread of information".

As the general secretary of the Central Committee of the Communist Party of the Soviet Union, you stated in your article published on November 26, 1989 in PRAVDA, newspaper of the CPSU, entitled "Socialist Thinking and Revolutionary Perestroyka", that "We have complete grounds to say that we will construct not only humanitarian socialism but democratic socialism", and "for democracy and the interests of the people, we will promote pluralism, the competition of views in society, and the expansion of glasnost (openness)".

But for the foreign correspondents who were gathering material on the situation in Lithuania, their activity was restricted by rejected their stay in Lithuania. [sentence as received] As grounds for this, the Foreign Ministry of the USSR cited what they called a presidential decree. But in the Foreign Ministry, there is someone who is responsible for a part of the ministry, who has stated that the restriction on foreign correspondents' activity for material gathering is a mistake.

In this situation, we made a written request to Chairman Nikolay Ryzhkov of the Ministerial Council of the Soviet Union, dated April 12, to immediately retract the steps restricting material collecting by correspondents of AKAHATA Moscow branch, but we have not yet had any official reply.

The Lithuania question, basically that of the three Baltic states, is not limited to being an internal affair of the Soviet Union, but is an international issue, not to speak of the history after the Soviet revolution and Lenin's standpoint. There are reasons why the Japanese people have great concern about this issue and why the Japanese Communist Party regards it as important.

The so-called "presidential decree" which tightens the restrictions on entry into Lithuania and the attitude of the Soviet Union contradicts the openness, which is laid down in the Constitution of your country, as well as the freedom of the press and material collection, which are the concrete guarantees of such "openness". Its expansion is emphasized by your own statements. For this reason, we do not accept the conduct of your Foreign Ministry.

We strongly request you, who has emphasized internationally the importance of the promotion of peace, democracy and openness, to implement your international commitment, observing the spirit of the Soviet Constitution, and to immediately stop such undemocratic practices as restricting press activity, which are not internationally valid, and to guarantee all foreign correspondents, including those from AKAHATA, the freedom to gather facts in Lithuania, and in so doing prove to the world the true value of socialist democracy.

We expect your sincere answer.

[Dated] May 28, 1990

[Signed] Central Committee of the Japanese Communist Party

Soviets Plan To Buy Antipollution Equipment

OW2805011990 Tokyo NIHON KEIZAI SHIMBUN in Japanese 21 May 90 Morning Edition p 9—FOR OFFICIAL USE ONLY

[Text] Mitsubishi Heavy Industries [MHI] has received an inquiry from the Soviet Union with regard to antipollution equipment for thermal power plants. The Soviet Ministry of Power and Electrification [MPE] is involved in a project to build a new coal thermal power plant capable of generating 300,000 kilowatts in suburban Moscow, and it plans to install equipment to prevent air pollution. This equipment transaction will total approximately 6 billion yen. Since Soviet thermal power plants are not equipped with equipment to process exhaust gas, the Soviet Union is plagued with air pollution. This new plant will be the first Soviet thermal power plant to include full-scale equipment to handle exhaust gas. The Soviet Union plans to make the new plant a model for the installation of antipollution equipment at all power plants in the future.

The Soviet Union intends to install this equipment at the Mosenerugo [name as published] No. 27 power plant to be built by the MPE in northern Moscow. While the Soviet Union itself will install the boilers and turbines, other equipment will be ordered from foreign enterprises, including a flue gas desulfurizer [FGD] for removing sulfoxide (SOx) and the exhaust gas denitrizer [EGD] for removing nitrogen oxide (NOx). The MPE also plans to install FGD's at several other power plants. However, this is the first full-scale antipollution program involving the installation of both FGD's and EGD's.

In addition to introducing the relevant technology to the Soviet Union, MHI has already submitted bids for the installation of this antipollution equipment. Regarding the EGD, it seems that the West German Shutainmuura [name as published] Company has also received a similar inquiry from the Soviet Union. However, this German company itself receives technology transfers both from Kawasaki Heavy Industries and Ishikawajima-Harima Heavy Industries.

The Soviet Union initially planned to purchase antipollution equipment from a West European engineering company, in view of the fact that it would be geographically closer to the Soviet Union. However, after discovering that most of the antipollution technology of Western Europe has been transferred from Japanese enterprises, it seems that the Soviet Union has decided to sound out Japanese enterprises as well.

As of 1988, the capacity of Soviet thermal power plants was about 240 million kilowatts, which is twice that of Japan. In the future, the Soviet Union intends to enforce some sort of antipollution measures on all power plants. Moreover, it is sounding out MHI on the possibility of technology transfers and the establishment of joint ventures.

Camera To Be Developed for Soviet Satellite

OW2605172990 Tokyo MAINICHI SHIMBUN in Japanese 23 May 90 Morning Edition p 3—FOR OFFICIAL USE ONLY

[Text] It was announced on 22 May that Japanese scientists will develop a television camera to take pictures of the surface of Mars on the Soviet Mars exploration program "Mars '94." This is the first time that Japan will participate in an international cooperative program for planet exploration.

The "Mars '94 Japan Committee" (chairman: Toshibumi Sakada, director of the Information and Technology Center of Tokai University), which is composed of university researchers, will be charged with development of a camera in cooperation with manufacturers.

"Mars '94" is a Mars exploration program promoted by 11 nations, including the Soviet Union. Two sets of satellites carrying a pencil-type observation instruments called "penetrators" and observation balloons will be launched in October 1994. The satellites will arrive at Mars in September 1995. They will fire four penetrators (2.5 meters long, weighing 40 kilograms), and observe the surface of Mars using using seismometers, heat flow meters, and the camera.

The camera, made of five - centimeter thick frames, will be octagonal with a diameter of 10 centimeters. Using eight lenses, it can take pictures from all directions. Pictures taken will be transmitted to the earth via "Mars Observer" to be launched by the United States in 1992. Technically, the focus will be how it can withstand the large temperature variations ranging from 100 degrees centigrade below zero to 50 degrees above zero, and how it can endure the shock when a penetrator carrying it is fired into the surface at a speed of 80 meters per second. Professor Agehisa Shimoda, who is in charge of basic design, said: "We foresee being able to clear the problems technically."

Prefectures Seek Soviet, China Economic Exchange

OW2105125590 Tokyo NIHON KEIZAI SHIMBUN in Japanese 15 May 90 Morning Edition p 3—FOR OFFICIAL USE ONLY

[Text] Hokkaido Prefectural Governor Yokomichi plans to visit the Russian Republic and the Soviet Far East in June to ask the Soviet side to establish corporations or cooperatives serving as trading firms with the aim of creating "a comprehensive framework for promoting economic exchanges between Hokkaido Prefecture and the Soviet Far East." At present, there are the Dariintolgu [name as published] (the Far East Trade Corporation of the Russian Republic, located in Nakhodka) and the Dariruiva [name as published] (the Far East Fisheries Corporation, located in Khabarovsk). However, the

economic exchanges between Hokkaido Prefecture and these corporations remain at a low level.

Niigata Prefectural Governor Kaneko, who joined in the plan for the Rim of the Sea of Japan Economic Sphere earlier than other prefectural governors, said: "I will listen fully to what the Soviet side desires."

Niigata City Mayor Wakasugi, who is due to to visit Maritime Kray in June before Governor Kaneko, intends to publicize Niigata City as "a contact point for coastal trade," making the most use of its geographical advantages for sea and air routes.

Local autonomous governments and municipalities which have long deepened exchanges with South Korea and China are turning to the Soviet Union. Hyogo Prefecture plans to send a 90-member mission led by Governor Kaihara to Khabarovsk in July. Oita Prefectural Governor Hiramatsu plans to fly to Moscow on 3 June. Explaining the purpose of his visit to Moscow, the governor said: "I will meet with cabinet members concerned with agriculture and farmers to explain the campaign for one village - one farm produce item in our prefecture. If technology and goods of leading enterprises in our prefecture are found to be usable or marketable, I want to deepen exchanges."

On the other hand, the chief of the Commerce and Industry Department of Saitama Prefecture is due to visit Shanxi Province of China to conclude an agreement on a training program for Chinese trainees in the area of technology in Japan. The prefecture plans to take the lead in conducting a training program for Chinese trainees against backdrop of a shortage of labor in Japan. Nagasaki Prefecture is to send a delegation to China in April to consult about cooperation in fishing techniques and about fishing zones at the local government level. Shimane Prefecture plans to send a delegation led by the lieutenant governor of the prefecture to South Korea to consult about cooperation in growing Korean ginseng using biotechnology. Many prefectures are making moves to promote exchanges with South Korea and China beyond their conventional cultural exchanges.

Local governments are stepping up their moves to strengthen their exchanges with South Korea and China in the wake of opening new air routes. Hiroshima Prefecture plans to send a team composed of department chief - level officials to South Korea in June to ask for extending flights [by Korean Air] to Hiroshima Airport. Kagoshima Prefectural Governor Tsuchiya on 29 May will visit South Korea aboard a Korean Air jet airliner flying a newly opened Seoul to Kagoshima route. Tottori Prefectural Governor Nishio is due to visit China in June to publicize Tottori Airport.

Regarding these moves, Harakun, managing director of the Hokkaido Futuristic Research Institute, has explained: "At present, the world is facing an era of interregionalism (or international regionalism) and the forming of regional ties transcending the framework of states is expanding. This trend can be seen as the same trend leading to the market integration of the European Community in 1992 and the U.S. - Canada Trade Treaty."

China

China Seeks Firm's Power Generation Technology

OW2305003890 Tokyo NIHON KEIZAI SHIMBUN in Japanese 17 May 90 Evening Edition p 1—FOR OFFICIAL USE ONLY

[Text] Mitsubish Heavy Industries Company has decided to provide technological cooperation in China's construction of power stations. Chinese Premier Li Peng asked for this technological cooperation when he met with Kentaro Aikawa, president of the Mitsubishi Heavy Industries Company, who has previously visited China and the company has decided to do so in compliance with the Chinese leader's request. The company plans to send a team to China on a technological survey mission this summer, at the earliest. The team will hold a study meeting with its Chinese counterpart in Beijing to discuss technological problems involving turbines and boilers. China is seeking to obtain a stable power supply, but there are limits for the country to import power generation plants because of the shortage of foreign exchanges. Therefore, China has decided to embark on improving its own technology with assistance from Mitsubishi Heavy Industries Company.

What China has sought is "the basic technology," (said a top executive of Mitsubishi Heavy Industries Company). Technology concerning antipollution, which has become an issue in China, will be brought up as a theme to be discussed at the study meeting.

In the past, Mitsubishi Heavy Industries Company received orders from China for the construction of thermal power stations in Dalian and Fuzhou. Regarding China's latest request for technological cooperation, the company views it as a result of "China's high appraisal of its technological capabilities." The power station in Dalian is capable of generating 700,000 kilowatts and its construction was just completed early this year. As one of the specific terms for the cooperation, a plan to expand the power station in Dalian is surfacing.

China's power generation capabilities in 1987 were known to be 100 million kilowatts and the country plans to boost them to 250 million kilowatts by the year 2000. China is believed to have had the technological capability to construct power stations capable of generating 300,000 to 600,000 kilowatts with the help of technological cooperation from the Soviet Union in the past. China is also introducing technology in the turbine and boiler fields from the United States. China's latest request for the technological cooperation from Mitsubishi Heavy Industries Company is believed to aim at further improving its own technology.

Pro-Democracy Repression by China Denounced

OW3105212890 Tokyo JPS in English 0931 GMT 30 May 90—FOR OFFICIAL USE ONLY

[Text] Tokyo May 30 JPS—The annual convention of the Japan-China Friendship Association, held on May 26 and 27 at Atami (Shizuoka Pref.) discussed the situation for the year since the Tiananmen incident, of armed repression by the Chinese authorities against the pro democracy movement. The convention strongly denounced the Chinese Government for continuing its repression against the movement for democracy, and denounced the Japanese Government for defending them. The convention confirmed that it will strengthen solidarity with the Chinese people, especially for the defense of human rights.

The annual convention also noted that the Japanese Government is strengthening its imposition of "hinomaru" (rising sun flag) and "Kimigayo" (the song "May the Imperial Reign Be Forever") on the people, while leaving vague its responsibility for the past war of aggression. Wild violent action of the right wing forces are continuing. In this situation, the Japan-China Friendship Association confirmed that the movement against militarization, the movement for no-more war and for peace, should be developed vigorously, as well as the cultural movement to meet people's interests in China.

Masayuki Yamaguchi (political economist) was newly elected chairman of the Association.

Cargo Service Joint Venture With PRC Begins

OW0106014790 Tokyo THE JAPAN ECONOMIC JOURNAL in English 2 Jun 90 p 19—FOR OFFICIAL USE ONLY

[Text] Nippon Express Co., joining hands with China's state transportation corporation, China National Foreign Trade Transportation Corp. (Cinotrance), will start periodic cargo shipping services from China to Japan beginning June, a company official said on May 24. This will be the first regular cargo transportation route between the two countries.

Cinotrance had been enjoying the exclusive right to provide cargo delivery services in China, but following the Chinese governemnt's launching of export promotion policies, it decided to join hands with Nippon Express, which has an extensive transportation network in Japan.

Chinese exports to Japan, which declined sharply immediately after the Tianannmen Square incident in June last year, are gradually picking up, the official said. Encouraged by improving trade relations between the two countries, Nippon Express, Japan's largest integrated transporter, is trying to meet the expanding need for transporation services by introducing two regular shipping routes.

Review of Trade Rules Planned With PRC

OW0606213690 Tokyo TOKYO SHIMBUN in Japanese 3 Jun 90 Morning Edition p 1—FOR OFFICIAL USE ONLY

[Text] A source concerned with trade relations between Japan and China on 2 June disclosed that governments and business organizations of Japan and China have agreed to make an overall review of basic trade practice rules and terms of trade contracts between the two countries, which have thus far been applied in favor of China. Under the administrative guidance of the Ministry of International Trade and Industry, the Japan-China Trade Expansion Council (chairman: Ryoichi Kawai, chairman of Komatsu Company) and the Japan Foreign Trade Council (chairman: Yohei Mimura, chairman of Mitsubishi Corporation) have already begun preparing a draft review and plan to compile a final draft by March next year after consulting with the Chinese side.

Unfairness involving terms of trade contracts has been an issue pending between Japan and China. However, the issue remains unresolved because of China's reluctance to comply with Japan's calls for negotiations on this issue. China has softened its attitude on this issue in the wake of stagnant trade between the two countries since the Tiananmen incident last June. This has led the two countries to move toward resolving the issue.

Terms of trade contracts are promises made by exporters and importers when they bargain. In the 1950s when trade began between Japan and China, Japan rushed for trade with China. This resulted in the terms of trade contracts favorable to China.

Specifically, at issue is the period of claim which importers file for compensations on goods that are delivered to them. The Chinese side is allowed to file claim 60 days after the delivery of goods while the Japanese side is allowed to file it 30 days after the delivery of goods. Regarding the grace period for answering the claim, the Chinese side is given 80 days while the Japanese side is given only 14 days. Many disputes have occurred over which side has to bear taxes and insurance, because there has been no clear-cut agreement on it. When trade troubles occur, the right to arbitrate them is in the hands of the Chinese side.

A wide range of areas is subject to the review. However, the Japan-China Trade Expansion Council has classified them into 10 areas which include "payment," "tariffs and taxes," "force majeure," "claim and demands for compensation," "compensation for delayed delivery," "arbitration," "inspection," "terms of delivery," "insurance" and "contract violations." The council is checking up on all items except for machinery plants, upon which it is hard for the council to set a uniform criterion.

The major points of the draft review under examination are as follows: 1) The burden of taxes and insurance are

adjusted in accordance with international trade practices; 2) the answering period for claims and the right to arbitrate are equally shared by the two countries and the extent of force majeure is clarified. The draft review will be presented to the China Cooperation Committee for Trade With Japan, which is acting as a contact point on the Chinese side and the Chinese Government in August. The draft review has been prepared in conformity with international criteria and equal trade contracts. Therefore, the Chinese side is highly likely to accept the draft without raising any question.

The Chinese side is believed to have complied with requests from the Japanese side for negotiations on this issue with an apparent intention to stimulate Japan-China trade, which has stagnated since the Tiananmen incident. In the past, the Chinese side rejected the request from the Japanese side.

Many local government officials with no trade business knowledge in China have caused trouble over the trade contracts in the wake of decentralizing authority to handle trade with foreign nations. Therefore, the Chinese side appears to be trying to restore its credit in international trade by introducing terms of trade contracts based on international criteria.

Efforts for Release of Yen Loan to PRC Noted

OW0606011590 Tokyo NIHON KEIZAI SHIMBUN in Japanese 3 Jun 90 Morning Edition p 2—FOR OFFICIAL USE ONLY

[Text] The government, a year after the brutal suppression at Tiananmen Square on 4 June, is beginning efforts to partially release the third yen loan (810 million yen for 1990-1995), which has been frozen.

One of the major issues is U.S.-China relations. Even though the "worst situation has been avoided" (to quote a government source) with the United States' decision to continue China's Most Favored Nation [MFN] status, hardliners in the U.S. Congress are deeply entrenched. Japan plans to explain its views at the talks at the foreign minister level between Japan and the United States and the political consultations at the vice-ministerial level among Japan, the United States, and European countries. Japan thus will do all it can to promote the eventual lifting of the freeze.

According to a government source, the government believes that "to isolate China is not desirable for the region's stability," and has firmed up a policy to remove the yen loan freeze in part, beginning with the loan's humanitarian sector. On the other hand, the government thinks that it is not desirable for "only Japan to stand out" (to quote a Foreign Ministry source). Consequently Japan remains cautious on the timing for lifting the freeze while adjusting its views with European countries and the United States.

What the government considers most important in this regard is U.S.-China relations. When there were moves in the U.S. Congress in April and May to suspend China's MFN status, the government secretly contacted the United Kingdom, which was concerned that reduced U.S.-China trade would affect Hong Kong's economy. Japan and the United Kingdom lobbied the U.S. Government and the U.S. Congress, swaying them toward President Bush's decision to continue China's MFN status.

At present, at the highest level, Prime Minister Kaifu is continuing to lobby the United States, sending a personal message to President Bush explaining his thoughts in dealing with China.

The next major political event is expected to be the Japan-U.S. summit before the Houston summit. Japan is stepping up its efforts to persuade the United States in this meeting. Meanwhile, in the vice ministerial political consultations among the seven nations which will participate in the Houston summit, Vice Foreign Minister Owata will do his part to lay the groundwork.

No Repetition of Tiananmen Massacre Urged

OW0606120890 Tokyo THE DAILY YOMIURI in English 5 Jun 90 p 6—FOR OFFICIAL USE ONLY

[YOMIURI SHIMBUN 4 Jun editorial: "Tiananmen—A Year Later"]

[Text] On May 2, Barbara Walters of the U.S. television network ABC interviewed Chinese Communist Party General Secretary Jiang Zemin. Walters asked Jiang about the young man who stepped in front of a column of tanks on a Beijing street on June 4 last summer. Walters told Jiang she had been informed that the man, whose act was viewed by millions on TV, was later arrested and executed. Jiang replied that he was unable to confirm the arrest, and added that be didn't think the young man had been executed.

One year after the tragedy at the Tiananmen Square, Beijing is reportedly calm. The Chinese regime says the political and social situation in the country is now stable. Martial law was lifted in January.

However, it is difficult to judge the mood of the country. Chinese are reluctant to discuss politics with foreigners. The democracy movement in China has been forced underground. It exists in shadows cast by the armed police found on every street corner. With big character posters banned at universities, it survives by word of mouth.

Apparently in an effort to head off another outbreak of democratic sentiment, the Chinese leadership has cranked up propaganda campaigns calling for honesty and devotion to the nation.

These reeducation campaigns were spawned by fear, fear that the dramatic political change that burned across the Soviet Union and East Europe could reignite in the Middle Kingdom.

Communist Party Unbending

The Chinese Communist Party remains unbending in its determination to maintain its grip on the country and continue down the socialist road. It is now carefully screening, on an ideological basis, all applications for renewal of party membership.

A year later, the Chinese leadership continues to justify the killing of thousands of civilians in the Tiananmen Square massacre as an act to suppress a "counterrevolution."

On the economic front, the government is now trying to stimulate the Chinese economy which has been sluggish since last year, though it appears that inflationary pressures have been waning. Following the Tiananmen Square massacre, Japan and other Western nations have frozen loans to China and the World Bank remains reluctant to grant new loans. No cure for the dismal state of the economy is on the immediate horizon.

Also, foreign investment in China is lagging due to the uncertainty about the course the nation will follow after the death of Deng Xiaoping, now 85.

Beset by these problems and others, China has made efforts to boost its overseas image and improve its relations with other countries. Economic reforms continue and the so-called open-door policy remains in place. Recently, the government released about 800 of an unknown number of people arrested in connection with the democracy movement.

Never Again

But Fang Lizhi, a leader of the democracy movement who took refuge in the U.S. Embassy in Beijing, has not yet been allowed to leave China.

Although, U.S. President George Bush recently announced renewal of most-favored-nation status for China, the U.S. Congress continues to watch Beijing's actions with a critical eye.

By now, the leadership in Beijing must realize the depth of the Tiananmen tragedy and its terrible consequences. No one can fail to understand what a blow it was to much of the world. Japan, a country that has long endeavored for friendly and cooperative relations with China, was greatly shocked. China must never again repeat such an act.

We understand why the Chinese leadership says its foremost concern is stability. But the path to real stability is steady democratization and respect for human rights. We do not believe it advisable for Western nations to continue their sanctions against China, for such policies will eventually cause the Chinese people distress.

Because of China's open-door policy, the Chinese economy has become intertwined with the developed nations in the Western bloc. These countries are expecting China to play a role in constructing a new, stable order in post-Cold War Asia. Japan needs to come to an understanding with Western nations in order to prevent China from being isolated. We would like China to continue to make efforts that will be appreciated in the Western bloc.

* Far Fewer Students Studying Chinese

WA2505041090 Tokyo ASAHI SHIMBUN in Japanese Evening Edition 10 May 90 p 18—FOR OFFICIAL USE ONLY

[Text] There has been a drastic change in "popularity" in language study, reflecting an increased interest in the Spanish and Russian languages and a corresponding drastic decrease in the number of students studying Chinese. This tendency has been clearly observed in the slow enrollment for NHK radio and television language classes, which began in April, and also can be seen in the choice of a second foreign language by college freshmen. Perhaps the increased interest in Spanish and Russian has been fueled by the upcoming Olympic Games in Barcelona and by Soviet perestroika. Meanwhile, China's Tiananmen massacre appears to have discouraged students from studying Chinese.

NHK's Japan Broadcasting and Publishing Corporation, which publishes textbooks for NHK's language courses, surveys 800 bookstores nationwide on the 4th and 5th of each month to determine its distribution of textbooks.

According to the April survey, sales of Spanish textbooks recorded a double-digit increase over last year, while Russian textbooks also showed a nearly 10 percent increase. Officially approximately 60,000 copies were published for each language. The Spanish language textbooks have maintained a "rapid growth" of about 10 percent each year for the past five years, excluding the period when the course was repeated. The number of Russian language textbooks remained the same, but suddenly began to increase from April.

On the other hand, NHK normally publishes 120,000-130,000 Chinese textbooks. However, it rebroadcast its same course last spring, which brought down the sales of textbooks by nearly 10 percent. This April, although a new course was introduced, the sales of Chinese textbooks dropped further.

According to NHK, the most popular textbooks are English, followed by French and German, all of which are rather stable in terms of sales. However, Spanish, Russian and Chinese are not.

Similarly, the language programs at Tokyo University reflects this trend. During the past three years, the number of freshmen taking Spanish were 98 in 1988, 124 in 1989, and 137 in 1990. The number of students taking Russian were 122 in 1988, 161 in 1989, and 170 in 1990. While the enrollment for both languages show an increase of 40 percent, the number of students studying Chinese dropped from 284 in 1988 to 228 in 1989, and further to 184 this year, indicating a 35 percent decrease.

Concerning the decline in popularity of Chinese, Mitsuharu Takahashi, professor of Chinese economics at Tokyo University, said: "There have been several gloomy developments such as train accidents and economic tightening, which have darkened China's image. Moreover, the Tiananmen massacre accelerated the students' loss of interest." However, he considers this a temporary phenomenon. "There has been occurred a cooling-off period after a boom brought by the normalization of relations between Japan and China. In fact, there has been an increased number of students who have become interested in studying Chinese after they came in contact with the Chinese people. Looking ahead, I think the popularity of the Chinese language will return."

Juki Makes PRC Sewing Machine Joint Venture

OW3105045690 Tokyo SANKEI SHIMBUN in Japanese 22 May 90 Morning Edition p 9—FOR OFFICIAL USE ONLY

[Text] Juki Corporation announced on 21 May that it has entered into a contract with Shanghai Lianhe Machine Corporation on establishing "Shanghai-Juki Machine Corporation Ltd.," a joint venture to produce small home-use sewing machines. This Japanese-Chinese joint venture, coming after the Tiananmen incident, is drawing attention.

Juki will provide about 400 million yen, or 70 percent of the total capitalization, for the joint venture. Saburo Inagaki, currently an executive director of Juki, and Chohei Saeki, deputy plant manager of Juki's Otabaru plant, will assume posts of president and managing director, respectively. The board of directors will be composed of three from Juki and two from the Chinese side. The contract for the joint venture is for 25 years.

The plant, to be located in Songjiang Province, Shanghai City, will be devoted to producing lock [as published] machines used on expandable fabrics like knitwears. Parts for the machines will also be produced. All products will be purchased by Juki and then resold to Japan, Europe, the United States, and other countries. The plant is due to go into operation by the end of January 1991, and plans to produce 2,000 sets a month in the initial year, increasing production to 6,000 sets a month by the fourth year.

Other Countries

ROK Trade Minister Interviewed on Joint Trade

OW2205033390 Tokyo NIHON KEIZAI SHIMBUN in Japanese 17 May 90 Morning Edition p 9—FOR OFFICIAL USE ONLY

[Report on interview with South Korean Trade and Industry Minister Pak Pil-su by NIHON KEIZAI SHIMBUN correspondent Suzuoki on 16 May—place not given]

[Text] Seoul, 16 May—In an interview with a NIHON KEIZAI SHIMBUN correspondent on 16 May, South Korean Trade and Industry Minister Pak Pil-su, who is to accompany President No Tae-u on his visit to Japan, made it clear that he would ask the Japanese to make efforts to transfer technology to South Korea and to shrink Japan's trade surplus. In the interview, the minister stressed the need for creating a forum like the Japan-U.S. Structural Impediments Initiative talks, in which both countries would consult about the issue of removing obstacles which have hindered South Korea's access to Japan's markets to increase his nation's exports to Japan. The Japanese Government and business circles have asked the South Korean Government to relax restrictions on the qualification criterion of trading licenses for branch offices of Japanese trading firms in South Korea. Regarding this question, the minister disclosed that the Government is examining ways to give Japanese branch offices equal treatment with South Korean trading firms on a phased basis.

In the interview, the minister stated that, as one of the ways to reduce Japan's trade surplus with South Korea, he would formally ask the Japanese Government to 1) send missions to South Korea to buy South Korean-made goods, and 2) hold South Korean-made goods exhibitions in Japan. Minister Pak pointed out that, although the Japanese have always said that there are no purchasable goods in South Korea, some distributive structures in Japan are exclusive to South Korean goods and South Korea's exports to Japan can be increased, depending on the efforts of both sides. He indicated that he feels "to resolve this issue, it is necessary to create a forum like the Structural Impediments Initiative talks between Japan and the United States." Calling on the branch offices of Japanese trading firms in South Korea to cooperate in increasing the export of South Korean goods to third nations as part of measures to redress South Korea's trade deficits, the minister stated: "I do not think the Government would continue restrictions on the branch offices of Japanese trading firms in South Korea. Any discriminative treatment is not likely to be accepted by the international community. The Government will reexamine the phased-relaxation on them." At present, the branch offices of Japanese trading firms are not given even agency licenses and Japanese trading firms have been asking for equal trading licenses with those given to South Korean trading firms, citing difficulty in carrying out smooth export-import business. Therefore, remarks by Minister Pak in the interview are viewed as having indicated the South Korean Government's intention to issue trading licenses to Japanese trading branch offices engaged in exporting South Korean goods.

Regarding the transfer of technology, the minister said: "We are not simply asking for the transfer of technology. We shall pay for it. We are aware of limits of (administrative guidances) by the Japanese Ministry of International Trade and Industry. However, I hope the ministry will positively persuade Japanese enterprises to transfer

their technology to South Korea." In the interview, the minister added: There have been cases in which South Korean enterprises have produced goods, using new technology introduced from third nations, or developed for themselves, and Japanese enterprises have plunged their Korean counterparts into difficulty and untavorable price competitions through dumping. I want to ask Japanese enterprises to refrain from these business practices.

Regarding the policy coordination of foreign exchange rates by industrial nations, the minister said "I hope they will manage stable exchange rates with their effects on other nations in mind."

ROK Official Invites Ishikawa for Visit

OW2705091190 Tokyo JIJI in English 1415 GMT 25 May 90—FOR OFFICIAL USE ONLY

[Text] Tokyo, May 25 (JIJI PRESS)—A South Korean senior military official Friday invited Defense Agency Director-General Yozo Ishikawa to visit South Korea. The invitation was made when Chong Ho-kun, chairman of the Joint Chiefs of Staff of the South Korean Armed Forces, paid a courtesy call on Seiki Nishihiro, deputy director-genneral of the Defense Agency, and Taizo Terashima, chairman of the Joint Staff Council of the Self-Defense Force.

Chong invited Ishikawa and Tashima to visit Seoul on Oct. 1, the South Korean national holiday for the Armed Forces' Day. Nishihiro replied that his agency will consider their visit. Chong expressed his view that the scale of reduction of U.S. troops stationed in South Korea will be tantamount to the planned cut in Japan.

Nishihiro for his part said that the U.S. troop cut plan in Japan will cover support for not fighting forces. But he hinted at the possibility of the United States cutting part of its Marines stationed in Okinawa.

Editorial on Start of New Japan-ROK Relations

GW2705195590 Tokyo MAINICHI DAILY NEWS in English 26 May 90 p 2—FOR OFFICIAL USE ONLY

[Editorial: "New Japan-ROK Relationship"]

[Text] At the Imperial banquet held in honor of visiting South Korean President NoTae-u, His Majesty the Emperor, after quoting the words of the Emperor Showa at the time of the visit to Japan by former President Chon Tu-hwan, expressed "the deepest regret" over the "sufferings" experienced by Koreans during the period of Japan's colonial rule of the Korean Peninsula.

In his response, President No said that "historical facts" regarding bilateral relations cannot be erased. But he added that the two nations must not remain "bound up in memories." He emphasized that Japan and the Republic of Korea must now forge a new age of friendship and cooperation, putting the "mistakes of the past truly behind us."

Earlier, during an hourlong meeting with President No, Japanese Prime Minister Toshiki Kaifu issued an apology, which was unprecedented in its directness and clarity.

President No was positive in his appraisal of Kaifu's apology, which he said was based on a "correct understanding" of the regretful past history between the two neighboring nations.

In contrast to previous Japanese Government statements which appeared to skirt the issue of responsibility, Kaifu's apology this time appeared to meet Seoul's expectations that Japan issue a sincere apology, identifying both the party which colonized Korea and the party which suffered as a consequence. In the background of the prime minister's words were the true feelings and deep self-reflection on the part of the Japanese people, in whom sovereignty rests. We sincerely hope that the Koreans will accept this and that greater understanding will be gained by both sides.

This is not a problem, of course, that can be ended with mere words. Japan must continue to fully recognize its past history while endeavoring to establish Japan-ROK relations on a partnership basis. There are, at the same time, several remaining problems that need to be solved. It should not be thought that Japan's colonial rule and conduct in the past have now been erased. It must be recognized that concerning the solution of pending problems, Japan is just at the starting line.

Among those problems are the legal status of Koreans living in Japan and compensation for Korean victims of the atomic bombing. The question that arises is the positive way in which the problems should be handled. There is a need for Japan to look squarely at historical facts and inform the younger generation about them.

For example, very few young people today know about the "March 1 Independence Movement" of 1919, which was a highlight for the Koreans in their struggle for independence. Nor is the younger generation aware of the leaders of the Korean independence movement.

How to allay the Korean people's deep-rooted hostile feelings toward Japan is a problem that requires much attention. The solution will probably require earnest efforts over a considerable period of time. One feasible measure could be greater exchanges of personnel, especially of young people. In this regard, emphasis should be placed on cultural and social contacts rather than economic aspects alone. A new budding friendship at the grass-roots level of both countries should be encouraged in order to transcend the unfortunate history of the past and lead to a new age of true friendship and cooperation.

Column Hails President No Tae-u's Diet Speech

OW2705204290 Tokyo MAINICHI DAILY NEWS in English 26 May 90 p 1—FOR OFFICIAL USE ONLY

["Analysis" column by Masao Kabuki: "A Landmark Speech For No and His Country"]

[Text] South Korean President No Tae-u delivered a landmark speech in the Diet Friday—the first to be delivered by a president of a country that in the past had to bear an unfortunate history with Japan.

But probably of greater importance is the fact that No, as the founder of South Korea's first democracy, was able to speak frankly about topics concerning Korea-Japan relations in front of the representatives of the Japanese people.

The goal for both Korea and Japan is to build a forward looking partnership in preparation for the 21st century. The Japanese Government stands by the reasoning that the Emperor's words of "deepest regret" on Thursday and Prime Minister Toshiki Kaifu's apology have served to clean the slate of "an unfortunate past" for the time being, which is requisite to building up the partnership.

But there remains the necessity to clear up various issues among the people. In his speech, No spoke most forcefully about "genuine friendship between our two peoples," but raised the problem of "a psychological barrier."

When he said; "While the countries of Europe which experienced World War II are forming a unified body, the people of our two countries are still unable to come to terms over the understanding and feelings of past mistakes," he was pointing out the belief that getting rid of the psychological barrier poses the largest challenge to the people of Japan and Korea.

What No is strongly emphasizing is the new order being built up in Europe. He believes a new order is created from the efforts of washing away the mistakes of the past. He says: "The reason the French, Germans and British can become Europeans is because they can wash away the mistakes of the past with the strength of truth, and set out together to create history."

He calls for the establishment of a relationship where "our two nations... become next-door neighbors in spirit as well as proximity, through bravery and effort, for only through our actions can we extinguish the ill feelings of the past." He also emphasized that the government's treatment of Koreans in Japan held the key to friendship between the peoples of Japan and Korea.

On a final point, No emphasizes hope for a unified Korean Peninsula, and a joint Japan-Korea Peninsula, and a joint Japan-Korea leadership for the future of Northeast Asia.

Compared to the efforts of the administration of former South Korean President Chon Tu-hwan to stamp out advances made in North Korea-Japan ties, this is an about-face that displays confidence on the level of international politics that is a result of South Korea's improving economic standing.

'Many' Issues With ROK Remain Unresolved

OW3005011690 Tokyo MAINICHI DAILY NEWS in English 28 May 90 p 1—FOR OFFICIAL USE ONLY

[By Naoki Sakaki]

[Text] Several wrinkles that remain between Japan and Korea must be ironed out before the two can realize an intimate political relationship similar to what South Korea President No Tae-u hopes will parallel the developments in the European Community. Prime Minister Toshiki Kaifu described No's visit as being meaningful, for it provided an opportunity to establish a relationship of mutual understanding and respect, and they were able to talk with one another as equals.

No too, with some relief, told reporters that he believed the Korean people would be satisfied with the results of his visit, which involved apologies for Japan's past history with Korea, the Emperor's statement, and the summit meetings.

But aside from such rapprochements, No left Japan with many issues dangling in the air concerning the legal status and treatment of Koreans residing in Japan, the settlement of payments for victims of the atomic bombings of Hiroshima and Nagasaki now living in Korea, and the Koreans living in Sakhalin who were sent there by Japan.

On the issue of the legal status and treatment of Koreans residing in Japan, Foreign Minister Taro Nakayama made concessions to the Korean side in the beginning of April.

As a result, third-generation Koreans will be exempted from fingerprinting, the time limit on their re-entry permits will be extended to five years, and they will only be deported if they commit a felony.

But the Korean governemnt now has requested the concessions to be extended to first- and second-generation Koreans, too, especially second-generation Koreans as yet unborn, or those that are of the same age as third-generation Koreans. [sentence as published]

In response, all Japan said was that it would seriously think about it. Considering that the Emperor, Kaifu and Speaker of the House of Representatives Yoshio Sakurauchi had just apologized for past aggressions, it is only natural that the Koreans would renew the pressure on Japan to tear down any reminders of the past.

Another result of this thinking was for the Korean side to press Japan to submit a list of names of persons who were forced to come to Japan during its occupation. No emphasized the importance of accepting the truths of history for what they were, and indeed atonement for the past is a continuing process.

At a dinner reception for No, Kaifu expressed his expectations for Korea, saying, "Once your citizens are satisfied with the efforts of our country, our relationship will solidify into a permanent and good friendship."

Still further, there is the issue of economic cooperation. As No said in his speech to the Diet, "To become next-door neighbors in spirit as well as in proximity," the problem rests with Japan concerning issues of economic cooperation, in particular the transfer of technical knowledge. At a press conference on Saturday, speaking within the framework of a true neighborly relationship, No said, "Japan has nothing to lose even if Korea develops its own high technology."

However, Kaifu avoided the issue by muttering, "Well, that's a matter for the private sector..."

While No was able to speak about apologies, true next-door neighbors, neighborly relationships and economic cooperation in the same context, such was not the case for Japan. For this to happen, each of the remaining problems have to be solved... one at a time.

Editorial Urges Efforts To Improve ROK Ties

OW3005014690 Tokyo THE DAILY YOMIURI in English 28 May 90 p 6—FOR OFFICIAL USE ONLY

[YOMIURI SHIMBUN 27 May editorial: "No's Visit and the Future"]

[Text] South Korean President No Tae-u's three-day visit to Japan was fruitful in that it put an end to the acrimony of the past and paved the way for the establishment of cooperative relations between Japan and South Korea into the 21st century. In his meeting with South Korean correspondents stationed in Japan, No said that in coming to Japan, he had emphasized filling the gap in the understanding of history between Japan and South Korea and that this central problem had been solved.

We can consider that this problem has been settled at least at the governmental level and we hope that it will not hinder bilateral relations in the future. The questions now arise as to how a new era of relations between Japan and South Korea—as agreed upon during No's visit—should be fleshed out, and how the two countries should cooperate in contributing to world peace and prosperity.

Foreign Minister Taro Nakayama proposed to his South Korean counterpart, Choe Ho-chung, that a meeting of Asian foreign ministers be held in September when the United Nations convenes the next session of its General Assembly. Choe agreed to the proposal.

In the process of creating a new order in the post-Cold War period, Asia will need a new framework of prosperous coexistence, requiring relations among the countries in the area to be adjusted multilaterally. Japan and South Korea should be able to play an active role in such adjustments.

In the second round of talks between Prime Minister Toshiki Kaifu and No on Saturday, the two countries agreed to make efforts to improve their relations with North Korea. We hope Japan and South Korea will also cooperate with other countries in endeavoring to relax tensions on the Korean Peninsula.

South Korea, which established an external economic cooperation fund in 1987, has been providing assistance to developing nations—an area where, in some respects, Japan and South Korea will be able to cooperate.

One of the results of No's visit was the signing of a bilateral agreement for the peaceful use of nuclear power. Under the agreement, the two countries will meet regularly to discuss nuclear safety issues, and will provide early warning and assistance in case of accidents. The pact is symbolic of the type of cooperation neighboring countries should engage in.

In addition, the two countries agreed to simplify travel procedures by allowing multiple-entry visas for each other's citizens, and abolished a ceiling on the number of news correspondents allowed in each country. While these are not flashy issues, they are very significant in boosting personal contacts between the two countries.

South Korea maintains restrictions on the entry of Japanese films and music. But today, when South Korean homes can easily pick up NHK satellite broadcasts, we hope that the South Korean government will reconsider these limitations. Friendly relations between the two countries cannot simply be established on the governmental level alone. Promotion of cultural and academic exchanges is also important.

While Japan should exert efforts to meet South Korean demands for transfer of advanced technology and righting of the trade imbalance, any foundation should be one of mutual understanding between the two countries' corporations.

Steady, low-key grass-roots efforts are required to reinforce the successes of the No visit to Japan.

Kanemaru Informs ROK of Plan To Visit DPRK

OW2705110690 Tokyo YOMIURI SHIMBUN in Japanese 26 May 90 Morning Edition p 2—FOR OFFICIAL USE ONLY

[Text] Liberal Democratic Party member Shin Kanemaru, a former deputy prime minister, paid a courtesy call on ROK President No Tae-u at the Guest Hall on the afternoon of 25 May. During their approximately 10-minute talk, Mr. Kanemaru disclosed officially for the first time his intention to visit the DPRK (North Korea) to settle the No. 18 Fujisan-Maru issue, and asked for the ROK side's understanding. Two Japanese crew members are currently being detained in North Korea. In response, President No expressed his expectation that Mr. Kanemaru's visit to North Korea will also contribute to the improvement in relations between the South and North.

With regard to his visit to North Korea, Mr. Kanemaru first stated that "he would be visiting North Korea to settle a humaritarian issue." He added: "I hope that the

ROK and North Korea will join hands. If my visit to North Korea actually takes place, I hope the two nations in the South and North will gradually come to hold talks." Thus, he expressed his readiness to make efforts to improve relations between South and North Korea.

In response, President No stated: "We no longer think of dealing with North Korea through hostile actions. I ask you to make efforts for the sake of the two nations (in the South and the North)."

Prior to Mr. Kanemaru's call, Tokuo Yamashita, chairman of the lower house's committee on rules and administration, also held talks with President No for around 10 minutes.

Reopening Economic Aid to Burma Studied

OW0106014090 Tokyo NIHON KEIZAI SHIMBUN in Japanese 30 May 90 Morning Edition p 2—FOR OFFICIAL USE ONLY

[Text] In view of the fact that a general election under a multiparty system has been held in Myanmar (formerly Burma), the government has started studying the issue on resuming presently frozen economic cooperation with Myanmar, and decided on a basic plan for resuming full scale cooperation once a democratic government is inaugurated. However, it has been observed that it will take some time before the election results will be confirmed officially, and it still remains uncertain how political power will be shifted from the military regime after the parliament for working out the constitution has been inaugurated. In this regard, the government will keep a close watch on the situation and make its decision with caution.

The present Saw Maung regime was inaugurated in Myanmar through a military coup in September, 1988. However, the Japanese Government has frozen new programs for economic cooperation because of the regime's suppression of democratic forces. Among the conditions cited for resuming economic cooperation are (1) a free and fair election under the multiparty system will be held, and (2) through this election, political power will be securely shifted from the military regime.

For Myanmar, Japan is the nation providing the largest amount of aid, with its aid once accounting for 70 to 80 percent of the total aid. Taking humanitarian factors of programs into consideration, the government has been handling, case by case, only those programs for which promises for providing aid were made prior to the coup. However, almost no yen-based loans are provided to Myanmar at present.

Iran, Iraq Seeking Oil Development Cooperation

OW1906013590 Tokyo NIHON KEIZAI SHIMBUN in Japanese 17 Jun 90 Morning Edition p 2—FOR OFFICIAL USE ONLY

[Text] Iran is sounding out Japan on the possibility of cooperating jointly in the development of oil fields. With its national economy in a shambles following the war with Iraq, Iran is now seeking economic and technological cooperation with Japan. Japan, for its part, has been looking for opportunities to explore oil fields, which could lead to a stable supply of crude oil. This is the first time since the 1979 Iranian revolution that Iran has proposed to Japan it participate in the joint development of oil fields.

According to information provided to the Japan National Oil Corporation by an Iranian Government official concerned, there are approximately 100 oil fields in Iran, the deposits of which have been confirmed but have not been developed because of financial or other reasons. Iran apparently has decided that, to procure funds for its reconstruction, it needs to hasten the development of oil fields with Japan's cooperation. Iran also recognizes the need to protect its market share at a time when other oil-exporting countries are preparing to increase production, given the expected growth in the long-term demand for crude oil. As for how Japan will be compensated for its cooperation, Iran most likely will propose it pay in crude oil. The Japan National Oil Corporation considers the Iranian proposal as "quite worthy of study" and plans to convey the Iranian wish to oil companies and trading firms.

Among the oil-producing countries of the Middle East, Iraq also is sounding out Japan on the possibility of joint cooperation in the development of oil fields. Oil Minister Chalabi has been holding contacts with Japan in this regard. While the Iraqi proposal concerns large oil fields, with yields of more than 300,000 barrels a day, the Iranian proposal is likely to concern the development of smaller oil fields with yields of 30,000 to 50,000 barrels a day.

Political

Miyazawa Emerging as Possible Successor to Kaifu

OW2605185090 Tokyo THE JAPAN ECONOMIC JOURNAL in English 26 May 90 p 9—FOR OFFICIAL USE ONLY

["Political Scene" column by Bunya Shinohara: "Mizawa Waits in the Wings for Top Post"]

[Text] Former Foreign Minister Kiichi Miyazawa has been keeping a low profile in recent months. And, oddly enough, in doing so he has been attracting increasing attention as a possible successor to Prime Minister Toshiki Kaifu.

The attention has come not because Miyazawa has done anything special or worthy of becoming premier. Rather, it's because he seems to have fewer shortcomings than any other candidate for the nation's highest office, and has played his political cards right.

Until now, the prevailing view within the governing Liberal Democratic Party [LDP] has been that former

LDP Secretary General Shintaro Abe was the likely successor to Kaifu, and that Miyazawa had little chance.

Both men, of course, were tainted by their involvement in the Recruit bribery scandal, but Abe was clearly pursuing the office more aggressively and seemed to have stronger connections within the party.

Recently, however, some LDP dietmen have begun saying that Miyazawa's chances have improved, mainly because Abe still has some health problems and other candidates are suffering from their own problems.

To be certain, Miyazawa is not acting like a frontrunner. During the holiday-studded "Golden Week" (April 28-May 6), when most other LDP leaders took overseas trips to engage in diplomatic activities and sharpen their political profiles, Miyazawa alone stayed at home and spent the holidays in Karuizawa, a resort in central Japan.

Even Miyazawa's close aides were concerned about his relaxed schedule, with some strongly advising him to be more active politically. Miyazawa would hear none of it, preferring to enjoy himself playing golf, reading books and carrying out other leisurely pursuits. Yet, there are some definite reasons his popularity has risen within the party.

The first is that Abe, still weak from the after-effects of his surgical operation last year, is losing his appeal as the nation's next political leader.

The second is that former Finance Minister Michio Watanabe, another rival who took over the faction led by former Premier Yasuhiro Nakasone, seems to have been losing his stature as well since he is not holding any key LDP or government post.

The third reason is that former Prime Minister Noboru Takeshita, who is keenly interested in returning to the nation's highest office, has been criticized recently for his high-profile trips to the U.S. and South Korea. Significantly, much of that criticism has been coming from members of his own faction. "Such a fuss has been made over these trips that there is no chance Takeshita can make a comeback now," says a ranking member of his faction.

Miyazawa has also scored some points for his support of the Kaifu administration ever since the Feb. 18 election. True, all the party's factions are now supporting the administration. But it is a question of degree. Miyazawa's support alone has been solid and unequivocal, and that has helped him a great deal since Kaifu is increasingly winning public support and consolidating his political base.

Still, a major problem for Miyazawa is that he has not mapped out his own vision for taking the reins of power. His present strategy is to continue to support Kaifu and, eventually, try to succeed him. But a snag is that Kaifu, who was handpicked by the Takeshita faction for the post, does not have sufficient political pull to designate any successor, let alone Miyazawa.

And to make matters worse, it now seems likely that, barring some political crisis, Kaifu will stay in power until the fall of next year. By then Miyazawa will be 71 years of age, a bit old to be considered for premier, even in Japan. Thus, his best chance to rise to power will depend upon whether he can obtain the support of Takeshita's faction, the LDP's biggest led by former Deputy Premier Shin Kanemaru.

* Article Says Kaifu Called 'Mini-Nakasone'

WA0206062890 Tokyo ASAHI JOURNAL in Japanese 25 May 90 p 91 - FOR OFFICIAL USE ONLY

[Unattributed article in the "News Interface" section: "Zooming In on Kaifu"]

[Text] When [LDP faction leader] Michio Watanabe questioned Prime Minister Kaifu regarding reform of the election system, he asked: "What do you mean by tackling the problem with invincible determination?" Kaifu replied: "It means never going backward but going forward."

However, the prime minister, who had been holding a dialogue resembling a Zen soliloquy, like the one above, held a press conference to "appeal to the public." He took the high ground when he told reporters: "I will work toward election system reform 'even at the risk of my cabinet's fate.'"

This new phrase was reportedly created by the prime minister and his aides in response to criticisms from the Liberal Democratic Party [LDP] and the opposition parties that the expression "invincible determination" does not reveal what he really means.

In 1981, when inaugurating the Tsuchimitsu Ad Hoc Commission on Administrative Reform, then Prime Minister Suzuki stated that he was "risking his political life" over reform. Later, this statement, along with other factors, caused him to retire from office. Therefore, Kaifu's recent statement can also be considered risky.

However, the word "fate" used in Kaifu's statement means chance, and is much more passive and abstract than the expression "political life" used by Suzuki. Perhaps the prime minister and his aides mulled over this choice of words.

Since cabinet reporters did not make a searching inquiry into whether or not the prime minister will resign if he fails in election system reform, he did not have to make a commitment.

But the prime minister's decision is not all that risky. We can readily remember Prime Minister Nakasone, who had a weak power base within the LDP but was able to hold on to power for five years, largely because he successively held up policies which were considered difficult.

The "regent" at that time was former LDP Secretary General Shin Kanemaru. The Nakasone-Kanemaru relationship has been repeated in the approach of Ichiro Ozawa, an apprentice trained by Kanemaru, who forced the prime minister to make a decision on election system reform. It seems that the prime minister has no choice but to follow the Nakasone line.

The prime minister is popular with President Bush and his aides, because he listens to President Bush and says "yes" and "no" clearly, according to a former prime minister. Whether he likes it or not, it is reported that he is called a "mini-Nakasone" by certain high U.S. officials.

* Kaifu Diligently Studying Defense Issues

WA2106074090 Tokyo ASAHI SHIMBUN in Japanese 2 Jun 90 p 2—FOR OFFICIAL USE ONLY

[Unattributed article in the "Press Gallery" column: "Kaifu Immerses Himself in Study While All Is Quiet Regarding 'Post-Kaifu Speculation'"]

[Text] Prime Minister Kaifu spent the three days from 30 May to 1 June "intensively studying" defense issues. He was briefed by Vice Defense Minister Nishihiro, chief of Cabinet Security Affairs Office Yorita, and others. The subject matter, which changed daily, included the "defense plan outline," "international comparison of defense expenitures," and the "international military situation."

The prime minister was so absorbed in his studies that when his secretary informed him of visitors, he would ask the visitors to "wait." When Nishihiro and others worried about taking too much time and tried to cut short their explanations, he would say "take your time."

The "defense outline" was compiled in 1976 by the Miki Cabinet to maintain defense against limited and small-scale attacks. This was the year the Liberal Democratic Party [LDP] was involved in the Lockheed scandal. The LDP was divided into two forces—those "supporting Miki" and "opposing Miki." Therefore, the defense outline went unnoticed during the power struggle.

However, the prime minister, who was deputy chief cabinet secretary at the time, was involved in preparing the outline. Since then he has held posts connected with the "education zoku," and has been removed from defense issues. Even after becoming prime minister, in preparation for Diet questioning, he has stuck to "anticipated answers prepared by concerned offices," his aides say.

His unusual concentration on defense issues, according to sources close to the prime minister, is because he wants to "grasp" defense issues in preparation for the next-term defense plan (for FY1991) to be discussed this fall. The prime minister aims to stabilize his administration by tackling political reforms. In addition, another reason for his concentrating on defense studies is perhaps because all is quiet within the LDP at the moment. Unlike "anti-Miki" activities in the past, there is no movement within the LDP towards a "post-Kaifu" era.

Minister Fukaya Allegedly Lied on Recruit Ties

OW2805110490 Tokyo JPS in English 0937 GMT 28 May 90—FOR OFFICIAL USE ONLY

[Text] Tokyo May 28 JPS—The top front page of AKAHATA on May 28 reported that Posts and Telecommunication Minister Takashi Fukaya's former secretary in charge of political funds revealed to AKAHATA that Fukaya told lies in the Diet on his relations with the Recruit Co.

In an interview with AKAHATA, Mr. A., who had been Fukaya's secretary for over ten years until he left in November, 1988, and had dealt with his political funds, including those raised by the Recruit Co., during his time in office, said, (1) there were more political funds raised by the Recruit Co., in addition to those Fukaya himself has openly admitted, (2) Fukaya's statement that Recruit had seceded from Fukaya's supporters organization in July, 1988, and the company had presented a notice of secession, cannot be true in the light of my own experience, and (3) Mr. Ishizuka, who worked as a secretary of Fukaya, and was said to have been a Recruit Co. man at that time, was paid by the Recruit Company, without doing any ordinary work for the company.

The interview, carried by AKAHATA, follows:

Q: Were you in charge of political funds for Mr. Fukaya?

A: The dealing with funds of Mr. Fukaya's political organizations were mainly assigned to me. Especially, the Recruit Co. concern was my business. Maybe, no other secretary than me knows the details about that connection.

Q: What kind of donations were there by the Recruit Co?

A: From 1981, we had fund raising parties at every end of year. In addition to party tickets, there were donations at Bon (Buddhist ceremonial day in mid-summer) and at Kure (the year-end), and donations during election campaigns. For example, for a million yen donation at the end of 1987, I myself was called and visited Recruit Cosmos Co. (subsidiary of Recruit, engaged in real estate business), to receive the money. In the election in July, 1986, leading members of the Recruit Co. visited the election offices of Fukaya at Kaminarimon, Taito Ward, to hand over money for the "election campaign funds". I myself received it.

Q: Mr. Fukaya failed to announce political funds from Recruit before 1985. What is your recollection on this ?

A: It is unbelievable that there were no donations from Recruit before 1985. Party tickets have been sold to that company since Mr. Fukaya held his first fund raising party in 1981.

Q: Mr. Fukaya has insisted that in July, 1988, when the Recruit scandal surfaced, he had instructed his secretariat to check relations with the Recruit Co., and had the company secede from "Fukaya Takashi Nan'yokai" (Fukaya's supporters organization). He received the notice of secession (dated July 28, 1988). Is that true?

A: As far as I know, there was no such matter. At that time, what was being questioned was the transfer of pre-listed stock of Recruit Cosmos Co. I never thought at that time that Fukaya's case would be taken up. I was never instructed by Mr. Fukaya to check (his) relations (with Recruit). Up to November, 1988, there was no such "secession notice" from Recruit.

Q: Is it possible that the case was dealt with by another secretary and not you?

A: At that time, there was no secretary who dealt with such matters. And I cannot imagine anyone other than me doing such a thing without me knowing. If any other secretary was involved in such a business, checking, he could not have done it without me hearing about it.

Q: The suspicion is being seriously questioned, as to whether the salary for Mr. Ishizuka, secretary of Mr. Fukaya, was paid by the Recruit Co. Is it true, as Mr. Fukaya is asserting, that Mr. Ishizuka was really a "man of the Recruit Co." From January, 1982 until July, 1988?

A: From about 1980, he was a secretary of Fukaya at his election district office at Kuramae, Taito Ward. From the spring of 1987, when a secretary in charge of the district became a Taito Ward Assembly member, Mr. Ishizuka became in charge of the district office. For the Liberal Democratic Party, it is not unexceptional that salaries of secretaries are borne by private companies. He was merely one of these habitual examples. Toward the end of 1981, in order for him to "become a man of the Recruit Co.", he and I went together to the head offices of the Recruit Co., and presented his personal record. We met with a senior member of the president's office of the company. This was all on the instructions of Mr. Fukaya. Mr. Ishizuka presented his personal record, and asked questions about the work he had to do. The representative of the company replied, "There is nothing you have to do". Immediately after that, an amount of a little less than 200,000 yen was transferred to Mr. Ishizuka's bank account every month from the Recruit Co. As the amount did not change with the lapse of time, Fukaya's office later paid additional money to Mr. Ishizuka. As far as I know, Mr. Ishizuka did not do any work whatsoever for the Recruit.

AKAHATA of May 28 says:

"This statement by a former secretary of the Posts and Telecommunication Minister Takashi Fukaya has totally upset the credibility of Fukaya's explanation that he made in the Diet. Prime Minister Toshiki Kaifu has swallowed the explanation by Fukaya, and rejected the demand by the Japanese Communist Party and other opposition parties that Fukaya should resign from the cabinet.

"It is the least thing now that Mr. Fukaya and the Kaifu cabinet can do but clearly answer in the Diet the facts revealed by Fukaya's former secretary.

"Especially, there is the question of what was the "secession notice" of the Recruit Co. dated July 28, 1988, which was shown in the directors meeting of the House of Representatives Budget Committee. "The Fukaya case questions the fundamental political posture of the Kaifu government".

Columnist Sees 'New Buds' of Political Reform

OW2605195590 Tokyo THE JAPAN TIMES in English 25 May 90 p 24—FOR OFFICIAL USE ONLY

["Opinion" column by Kenzo Uchida: "Reform: Inter-party Answers"]

[Text] This writer participated recently in two meetings on "political reform."

The first was an "electoral academic meeting" which was held in Kyoto on May 19-20. Speakers on the first day included two guests—Tsutomu Hata, chairman of the Liberal Democratic Party's [LDP] Election System Research Council, and Shigeru Ito, chairman of the Japan Socialist Party's [JSP] Policy Study Council. Both are known to have open minds. They recognize the necessity of political reform and the two of them expressed their firm resolve to promote it. They differ in their priorities, however.

Hata emphasized the urgency of the problem, fearing as he does that parliamentary democracy in Japan is in danger today. He said there is a need to seriously rethink the developments of the past decade and more. He called for changing the number of Diet seats, carrying out a sweeping reform of the present multiseat constituency system, and changing the political funds system—all this with a comprehensive approach, and urgently.

Against this, the JSP's Ito said the debate on political reform is slanted too much toward changing the electoral system. He said that priority should be given to matters that can be tackled immediately, such as improving Diet steering, establishing political ethics, and realizing elections that are not costly.

Both persons are for the ruling and opposition parties to get togethe to discuss all matters of mutual concern. While Hata agreed with Ito that Diet steering should be improved, Ito said he would like to see the opposition come up with constructive alternative ideas instead of criticizing what they see as defects in the recommendations submitted on April 26 by the Election System Study Council and rejecting reform of the present electoral system.

Both Hata and Ito shared perceptions about the need for public subsidy of the political treasuries of the parties. They also agreed on how such assistance should be extended. This was another hopeful result of the Kyoto meeting.

The second meeting was "Forum Alpha" sponsored by this writer. It was a study session held on May 9 at which six newcomers of the Liberal Democratic Party and Japan Socialist Party were invited to express their views. By newcomers is meant the candidates of the two parties who were elected to the Lower house for the first time in the general elections held last February. They were asked to give their impressions of their first two months in the Diet. Both sides were bitterly critical about the Diet as it is. They also said their own parties should undergo reforms. Two observations stood out.

LDP Diet members:

The Diet gave no orientation to the new members. Assignment to the standing committees and the allocation of accommodations in the Diet members offices and quarters were handled by the party factions. Fine, but shouldn't these matters be handled by the party, or, still better, by the Diet itself? The Diet should be made completedly open to the public with television cameras allowed in the chambers as a matter of course.

JSP Diet members:

They had entered the election race with the hope of helping to reform their party to one potentially capable of taking over the reins of government one day. But the present state of the Diet and of the JSP itself is hopeless. Present party leaders especially are lethargic and out of date in their thinking. The party has no pragmatic policies. The newcomers are prepared to discuss electoral reform with the LDP, and also ready to submit concete alternative ideas of a party aiming to gain power.

Those present at the meeting hoped that the forum would be developed into one where members of the two parties could conduct a sustained exchange of views transcending factional lines. They apparently think that debates limited to within their rspective parties tend to turn into criticism of the other party and would not be helpful to reforming Japanese politics as a whole.

Looking back at the two meetings, this writer is happy to say that he sees new buds of political reform emerging. We can only hope that the new Diet members and their key seniors with open minds will strive toward real reform.

JCP's Miyamoto Skips Policy Speech at Congress

OW2605143190 Tokyo MAINICHI DAILY NEWS in English 23 May 90 p 1—FOR OFFICIAL USE ONLY

[Text] Japanese Communist Party [JCP] Chairman Kenji Miyamoto, for the first time on Tuesday, did not make his customary opening policy-making speech when the party opened its central committee meeting. Miyamoto, chairman of the central committee, restricted himself to a 15-minute greeting to members without any policy proposals for discussion. Instead, Tetsuzo Fuwa, Chairman of the presidium of the central committee, provided information on the resolutions for the July party convention. Analysts said that there might be a change in the hierarchy of the party.

At the party convention in 1979, the JCP decided that whatever Miyamoto, then chairman of the presidium of the central committee, said in his opening address would become the topic of discussion for the party meeting. The other committee meetings held in 1985 and 1987 were no exception. Miyamoto's opening address again left no room for discussion despite the purpose of the preliminary committee meetings being to discuss the proposals openly.

Miyamoto began his address Tuesday with an explanation that he would not add anything to his prepared welcome. He mentioned that a number of party members in the USSR and Eastern Europe were giving up their party membership and said he accepted that the party was undergoing great changes.

"Before the war, people who were forced to leave the party felt ashamed, so I'm sure the day will come when people will feel so ashamed to leave a party that takes the initiative in a fight for honor that they will not want to recall it to their children. I want to introduce firm measures at the party meeting," Miyamoto said.

* LDP Divided Over Political Reform

WA1806051890 Tokyo SANDE MAINICHI in Japanese 10 Jun 90 pp 174-176 - FOR OFFICIAL USE ONLY

[Article by Muneichi Suzuki: "Opinions Within LDP Divided Over Political Reform"—boldface as published in original]

[Excerpts] **Political reform encompasses the small constituency system, the proportional representation system, and the law on political parties. As discussions within the Liberal Democratic Party [LDP] simmer, the party leadership's desire to succeed has become clear. While there is growing opinion that "reform may happen," there are others who believe that reform is "impossible." LDP members are roughly divided in their opinions.**

Lately, discussions within the LDP regarding political reform have escalated as though a hundred schools of thought are contending. This is because the "election system involves lawmakers' status, the second most important thing in their lives."

At first, many lawmakers did not think much of reform: "There is no way that a small constituency system will be implemented; many attempts to change Japan's medium-size constituency system into a small constituency system failed, and Dietmen who were elected under the medium-size constituency system will never agree to changes."

However, as the strong convictions of Secretary General Ichiro Ozawa and others became evident, many Dietmen began worrying: "We have a big problem; take Yamagata Prefecture, for example. We have five LDP Dietmen there but only three small constituencies. That means two Dietmen will have to go. What will happen to me?"

As one example, let us observe what happened at a 23 May afternoon meeting in an apartment near the Diet of Dawn Group [Reimei no Kai] members, headed by Shintaro Ishihara and Shizuka Kamei. This group of 17, including new Diet members, have been holding regular study meetings, although they have lost their "turn" because of the overwhelming LDP victory in the February election.

Yoshitada Konoike, who has been elected twice and who belongs to the Komoto faction, said: "The [party] executive is resolved to move forward. If the reform measures are implemented, the party's executive power will become over-centralized, like in a communist system. This will go against Japanese democracy."

Takeo Hiranuma added: "I have a feeling that political reform will be realized before we know what is happening. The media set the tone of this argument, which is premised on implementing reform. The situation is almost like 'the less said the better.'"

Hiroyuki Sonoda argued: "That is wrong. Public opinion has not reached that point. Besides, some say that Abe is letting his younger faction members, who object to reform, speak out."

Hiranuma replied: "Perhaps the Abe faction will find itself in a difficult position because of that. This resembles the situation when the Anti-Prostitution Act was passed. The act was proceeded by a mood against prostitution, and no discussion was held prior to passing the law. We have to be careful."

Koki Kobayashi, a newly elected lawmaker, dissented: "I object. It cannot pass so easily. There is an overwhelming number of new Dietmen who are against reform."

Shizuka Kamei, who has been elected five times, said to Kobayashi: "They may be opposed to reform, but if they are approached by party executives who may entice them with offers of positions if they comply, they always end up giving in."

Kobayashi insisted: "I disagree. I am not against the small constituency system due to my personal interest. I am not worried about my election chances. In fact, I am the only elected LDP member in Tokyo's fifth district. I expect to be nominated. The big problem is whether the voters choose the political party or the politician. The LDP won a majority not because the voters supported the party; rather, the voters supported individual Dietmen. I think Japan's democracy will collapse if a proportional representation system is introduced in the Lower House, because lawmakers will not be able to criticize the party in power."

Kamei replied: "Postwar democracy places importance on individuals, not political parties. The voters pick individual politicians, not just because they belong to the LDP. However, the new reform proposal pays no attention to individuals. Moreover, the LDP does not have a firm support organization. There are only personal support groups for individual Dietmen. It is unreasonable to place a body without foundation in the center of politics." [passage omitted]

The discussion was lively, with many new Dietmen participating. Finally, they adjourned, saying: "We need to discuss this further. We will continue holding thorough discussions in the near future, around 9 PM after work."

Abe Gave No Commitment

The newly elected lawmakers are also participating in active discussions at LDP headquarters. On the morning of 18 May, at a joint meeting held by the Political Reform Headquarters and the Election System Investigation Committee, Seiichi Eto started off by questioning Masayoshi Ito, who sat in center stage. Also in center stage, in addition to Chairman Ito, were Acting Chairman Masaharu Gotoda; Tsutomu Hata, chairman of Election System Investigation Committee; Taku Yamazaki, acting chairman of Election System Investigation Committee; Joji Fukushima, chairman of the Political Funds Committee; and Koichi Kato, chairman of Political Representation Correction Committee. These members, needless to say, are "promoters" of political reform.

Eto sharply asked Ito: "At the last meeting, you said that the political party should decide everything, but I disagree. A democratic parliamentary system elects individuals, not the political party. In the United States, individual lawmakers take ultimate responsibility. Even if the Republicans agree to pass a bill, any individual congressman can object to the passage of the bill. It is not right for the party to control everything."

Ito did not reply to this. However he, Gotoda and Eto took the same elevator after the meeting. Ito said to Eto: "You showed good spirit. It was not easy for me to keep quiet, but since Mr. Gotoda was excercising self-restraint, I felt I should not say anything." To Ito's "bluff," Eto replied: "If we ever adopt the small constituency and proportional representation system, we will lose our courage to protest. The medium-size constituency system allows us to be courageous and speak up."

Ito and Goto could only let out a forced laugh to Eto's protest.

Not only younger lawmakers, but faction leaders also have trouble accepting reform, which implies getting rid of factions. When Kaifu and Ozawa went to visit Kiichi Miyazawa, he said to them: "Please listen to the opinions of the young lawmakers and clearly explain to them the merits of reform." Then, he said to his people: "Mr. Ozawa is pushing it with conviction, but it will be difficult. I hear that the older Dietmen should run in proportional representation districts, but I would not like to leave my constituency."

Similarly, Shintaro Abe said to Kaifu and Ozawa: "I will seriously consider this as the prime minister's resolve and do my homework."

However, he did not say he would "cooperate." It is reported that Abe, Mutsuki Kato, and others carefully prepared the wording for his reply.

Moreover, Mutsuki Kato is preparing for Kaifu's fall late this year. He said to people around him: "The prime minister said he would risk his fate on political reform. If he cannot pass the bill by this fall, he will have to take responsibility for this matter."

"Political Reform Is the Will of Heaven"

On the other hand, Secretary General Ozawa's "conviction" has penetrated into the LDP. There is a growing opinion, such as that expressed by Juro Saito, secretary general of the House of Councilors, who said: "My sixth sense tells me that this reform will come through."

Joji Fukushima analyzes Ozawa's "conviction" in three parts. He said: "First, it is designed to bring about a two-party system. Since we have a lopsided power situation in the Upper House, we cannot make any moves if we remain in this situation. This new system will provide an 'impact' for a 'possible political power change,' which may bring about a change in the structure of the opposition parties. We will have to put up 300 candidates in 300 small constituencies, which will make possible a broad selection of qualified persons."

This is a rather convincing argument, which coincides with Shin Kanemaru's theory of a "LDP-JSP union," which he advocated before and after the general election.

Fukushima continued: "Second, it is designed to promote the public funding of political campaigns. If we leave things the way they are, public distrust over fund-raising will not diminish. We have to do something. We need to establish a system where a political party will facilitate public funding of political campaigns according to a political party law.

Politicians have learned hard lessons from the Lockheed and Recruit scandals. Ozawa told reporters close to him: "Times have changed. We can no longer raise funds individually or by using the factions. Can't you understand that?"

Fukushima continued: "Third, there is the urgent problem of adjusting the total number of representatives for the medium-size constituency system. If the differential of two-to-one is to be adopted with the number of 501, according to the election system council, we will need to carry out a large operation on the 66 electoral districts—breaking up some and combining others. Therefore, rather than inviting confusion, it will be better for us to change into a small constituency system, which will allow us a modern political party to better organize local organizations."

This opinion was also expressed by Masaharu Gotoda at an informal general meeting on 18 May. Since this is the census year, and an interim report is expected in December, a drastic reapportionment of districts within the existing medium-size constituencies will be necessary. This is judged disadvantageous for the LDP.

Muneo Suzuki, who is an astute judge of circumstances, said: "Factions can no longer survive financial burdens. This reform is timely. It is the will of heaven. We definitely have to do it, and I am confident that we can do it."

Finally, Hiroshi Mitsuzuka, who is known for his "balanced" judgment, said: "Perhaps we have somewhat less than a 50-50 chance to succeed. We need further participation by the whole party. For example, we have to discuss whether or not reform will promote the political power of the Socialist Party, and whether or not the present distribution of power is a misrepresention. Moreover, we need to discuss why simple small constituency systems such as those in Britain and the United States are not suitable in Japan. We need to ask whether or not the ranking of ticketed candidates and candidates from proportional representation districts are fair and accurate. In any case, we cannot decide this in haste. Our new system should last through the 21st century."

What will happen to election system reform after further discussion remains to be seen.

* LDP's Abe Irritated by New Faction Members

H 21060754 90 Tokyo SHUKAN GENDAI in Japanese 16 Jun 90 p 59 - FOR OFFICIAL USE ONLY

[Unattributed article in the "Nagatacho Periscope" feature]

[Text] Shintaro Abe, former secretary of the Liberal Democratic Party [LDP], has been irritated lately. It is ironic that the cause of his irritation lies in the new members of his faction. He supported these new members during the last general election so that he could "win more members for his faction to promote his chances in the race for the prime ministership."

Although these young members belong to the Abe faction, they lack loyalty, and some have even joined the Dawn Group [Reimei no Kai] led by Shintaro Ishihara, who previously left the Abe faction. A Nakasone faction core member observed: "If things remain as they are, Abe will have great difficulty maintaining his faction up to the party presidential election in the fall of 1991."

Therefore, Hiroshi Mitsuzaka, secretary general of the Abe faction, in order to tighten control over the new members, encourages the young Dietmen to return to their constituencies weekly, which keeps them away from Nagatacho [the Diet area], where there are frequent temptations and opposition. Mitsuzuka's apparent financing of the young members' travel expenses has became a target of criticism, with remarks being made that "Mitsuzuka intends to boss those young men around." This is causing friction among core members of the Abe faction.

In addition, there is talk of "Abe's poor health." Even former Prime Minister Takeshita has begun saying "we will support Kaifu even after his term ends in the fall of 1991," thereby causing Abe to "become irritated, which aggravates his illness," sources close to Abe say. It seems that the increased number of faction "members" does not necessarily mean increased "power" for Abe.

Paper Notes Nervousness Over Rice Issue

OW2206152690 Tokyo ASAHI EVENING NEWS in English 20 Jun 90 p 6—FOR OFFICIAL USE ONLY

["Political Spectrum" column article: "The Ice May Be Breaking on Rice"]

[Text] Farm organizations are easily offended these days. They jump on what they see as any serious departure from the established policy of maintaining a total ban on rice imports. That was what happened when the No. 2 opposition Clean Government Party (Komeito) recently decided to carry out a survey on the damage farmers will suffer from the decontrol of the Japanese rice market on the grounds that liberalization is inevitable sooner or later.

A storm of protests against the decision triggered from farm groups took Komeito by surprise since the reaction, to the party, was out of proportion to what it had done. Komeito officials note that their party has not proposed liberalization. But farm organizations contend that the survey project amounts to conniving at decontrol.

As of last Thursday, Komeito had received 391 telegrams protesting against the party's new rice policy. Protests lodged by telephone were countless, Komeito officials say.

The telegrams used almost the same wording. As Komeito officials see it, they were sent on orders from the Central Union of Agricultural Cooperatives. Referring to the Komeito platform for the Lower House general election in February and a September 1988 Diet resolution, both of which opposed rice decontrol, they expressed regret about the new rice policy and urged the party to continue efforts to block market liberalization.

Adherence to the policy of opposing decontrol has been urged by the Komeito chapters of six prefectures—Hokkaido, Miyagi, Ibaraki, Fukushima, Kochi, and Akita.

Some local Komeito lawmakers have come to the help of the party headquarters. Encouraging the leadership in a telephone call, one said: "Farmers are not against decontrol. It's agricultural cooperatives that are against it. There are problems about cooperatives such as selling relatively more expensive farm machinery to farmers. What is needed is to reform the agricultural administration focusing on cooperatives."

Support has also come from an unexpected quarter. In a speech last week, former Prime Minister Noboru Takeshita praised Komeito's new policy as a "courageous move."

The controversy dates back to a statement made on April 25 by Komeito Secretary-General Yuichi Ichikawa, who calls himself "a man who believes in liberalization." Addressing a convention of the Komeito chapter of Kanagawa Prefecture, he said the total ban on rice imports would look unusual to foreigners. The statement drew criticism from the party's local ranks. Chairman Koshiro Ishida and other senior Komeito officials did their best to calm the wave of discontent by attending prefectural meetings of lawmakers. They also decided against making the rice issue a top priority item in the party's agenda in the next regular Komeito convention in November.

The furor over the Ichikawa statement led Komeito to switch to a long-term approach in a review of its farm policy, putting off the deadline until the fall of next year. Chairman Ishida's proposal to carry out a survey was made as part of the longterm approach. Although it touched off furious protests from farm groups, Komeito is now in a position where it cannot back down.

Komeito's move and the nervous reaction of farm organizations to it may be an indication that the ice is breaking on the rice decontrol issue. Although all the parties officially remain united against decontrol, they seem willing to change their stands if they can, except the Japan Communist Party. "Komeito could make the move because it has the solid support of the parental Soka Gakkai (a giant Buddhist lay organization)," an official of a rival party says.

"We can't propose liberalization when we consider its electoral consequences," Nobutaka Tsutsui, a member of the Japan Socialist Party, comments enviously. Tsutsui is secretary-general of the New Wave group of first-term JSP Lower House members.

"When I see our lawmakers from farm areas, I can't speak up on the rice issue," says a high official of the Democratic Socialist Party.

The government's reaction to the Komeito move has been mixed. Agriculture, Forestry and Fisheries Minister Tomio Yamamoto reiterated opposition to decontrol, but a senior official of his ministry referred to the initiative as "provoking needed debate on the rice issue." He said he wanted the parties to realize that the

anti-decontrol argument that rice equals Japanese culture does not pass muster in the international community.

Military

Defense Agency Decides To Shelve OTH Plan

OW2205031490 Tokyo SANKEI SHIMBUN in Japanese 17 May 90 Morning Edition p 2—FOR OFFICIAL USE ONLY

[Text] The Defense Agency on 16 May decided to shelve the plan to introduce the Over-The-Horizon radar (OTH), even under the next defense buildup plan beginning 1992. The OTH was regarded as a key military hardware planned to be introduced under the mid-term defense buildup plan (ranging from 1986 to 1991). The agency appeared to make this decision after judging the situation that the total budget for the next defense buildup plan is likely to be reduced and (as Foreign Minister Nakayama put it), "aggressive elements of Soviet forces in the Far East have been diminishing."

The OTH is a high performance piece of equipment capable of monitoring objects within up to approximately 3,000 kilometers, about 10 times conventional capability, using the ionosphere.

As part of the measures to "strengthen the early warning function," the agency has long examined its introduction to detect moves of Soviet aircraft and ships after the Soviet Union reinforced its forces in the Far East. Total cost for the introduction of the OTH is estimated at approximately Y100 billion and the agency has set aside about Y50 billion as construction costs for it under the present mid-term defense buildup plan. The agency has thus far surveyed the crustal movements on Io Jima, where it plans to install the OTH and similar types of radar installed by the U.S. Navy in the Aleutian Islands. As a result of the survey, the agency found crustal movements on Io Jima to be severe, no suitable location for installing the OTH, and engineering difficulty in installing it.

With these findings in mind, the agency decided to continue examination of OTH introduction in future after judging that 1) the introduction of the OTH costs too much, and 2) the military emergency has diminished following the abating of Soviet aggressiveness.

However, the agency plans to set aside a small amount of money under the next defense buildup plan to deal with the changing military situation in the Far East, and the results of a study on the method of construction involving the installation of the OTH, which are expected to come by the end of 1991.

Kaifu Supports Size of Defense Forces, Budget

OW2006213790 Tokyo ASAHI EVENING NEWS in English 19 Jun 19 p 7—FOR OFFICIAL USE ONLY

[Text] In the current Diet session, the opposition members asked repeatedly whether Japan's defense expenditures shouldn't be reconsidered in view of the easing of world tension centered on the United States and the Soviet Union. The defense problem became the focus of debate for the first time in years.

Answering questions in the Lower House Budget Committee on April 23, Prime Minister Toshiki Kaifu said: "The the United States and the Soviet Union are moving in the direction of arms control and disarmament is a welcome move. But since Japan has maintained peace up to now with a very moderate and modest defense capability, it does not mean that Japan must reduce its armaments in like manner."

He outlined the Japanese Government's judgment that the scope of the Self-Defense Forces [SDF] is not large, even at a time when the world is moving in the direction of easing tensions.

The guideline for the current Japanese defense capabilities expansion plan is the "outline of the defense plan," or outline, decided by the Defense Council and Cabinet in 1976. The defense plan decided then called for preventing invasion with its own defense strength and the U.S.-Japan security system and for depending on the American deterrent against the threat of nuclear attack.

In the case of invasion, a two-stage plan was envisaged: Limited, small-scale invasions will be handled by the Self-Defense Forces; and in cases where the SDF cannot handle the invasions the cooperation of the United States will be requested.

The goals for major armaments needed to carry out the plan are listed in the "attached list." They are 180,000 men and women in 13 divisions in the Ground Self-Defense Force [GSDF], four escort fleets in the Maritime Self-Defense Force [MSDF] and about 430 planes in the Air Self-Defense Force.

From Fiscal 1986, when the current medium-term defense plan began, the defense budget has expanded at the rate of over 5 percent a year, and the defense capability has been steadily expanded. The outlook is that the outline goals will be achieved during the current fiscal year, which is its last year.

Along with expanding the SDF armaments and strength, the joint exercises with U.S. forces have also been expanded. Particularly after the guidelines for U.S.-Japan defense cooperation were approved by the United States and Japan in 1978, the contents have become full-scale and the number of exercises has increased. It can be seen that Japan is striving to achieve speedier and tighter cooperation.

The most prominent example is the Pan-Pacific joint exercise Rimpac, which is carried out under the sponsorship of the U.S. 3rd Fleet.

The first Rimpac exercises were held in 1971 at the end of the Vietnam War with the United States, Canada, Australia, and New Zealand participating. To cope with the speedy expansion of the Soviet navy in the 1970s, its scope was expanded with the aim of ensuring with the aim of ensuring the safety of maritime transport routes in the Pacific.

Japan began participating from 1980, and Rimpac 90, which was held from April to June this year, marked the sixth time that Japan participated.

The Maritime SDF has contributed to the maintenance of the frontline strategy of the United States as a faithful partner of the U.S. Navy. Ever since Japan began participating in Rimpac exercises, however, there have been strong criticisms from the opposition parties that participation in a multinational exercise constitutes use of the collective defense right banned by the Japanese Constitution.

As for this year's participation, it has been argued in the Diet that joint exercises with U.S. warships capable of carrying nuclear weapons violates the spirit of the three nonnuclear principles of not producing, not possessing, and not permitting the entry of nuclear weapons.

Officially the Government is taking the stand that there is no imagined enemy and uses the words "latent threat" in referring to the Soviet Union. It is a fact, however, that the Defense Agency and the SDF have expanded defense capability and trained with the Soviet Union in mind as the "enemy." The GSDF has four divisions, including it's only armored car division, deployed in Hokkaido and that the MSDF's defense of 1,000 miles of sea lanes is predicated on attack and invasion by the Soviet Union.

Soviet Expansion

The Expansion of the Soviet Union's Far East forces is pointed out to the general public in every year's defense white paper. And the Defense Agency has used the Soviet threat as the lever to seek the public's understanding for expansion of defense capability.

As a result of the speedy democratization of Eastern Europe and the easing of tension by the United States and Soviet Union from the end of 1989, however, this "threat" has decreased. As a result, the opposition parties are demanding that defense expenditures be reduced. But Defense Agency Director General Yozo Ishikawa said, "It is premature to consider that the military situation in the Asia-Pacific area will change as a result of the recent changes in Europe."

The Defense Agency has repeatedly stressed that the SDF is aiming at establishing "the basic defense power that it should have in peace time" and that this defense power is not for directly coping with the surrounding military threat. It is taking the stand that even if there are changes in the international environment, there is no need to change its defense capability expansion plan.

Economic

'Keiretsu' Corporate Relationships Examined

OW2605232790 Tokyo THE JAPAN ECONOMIC JOURNAL in English 26 May 90 p 8—FOR OFFICIAL USE ONLY

["Guest Column" article by Iwao Natani, professor of economics at Osaka University: "Opening 'Keiretsu' System to Scrutiny Is Crucial Task for Japan's Prosperity"]

[Text] Japan-U.S. relations are currently enjoying a brief quiet spell.

The interim report of the Japan-U.S. Structural Impediments Initiative talks came off virtually without a hitch. Japan also managed to avoid designation as an unfair trader this year under the U.S. Super 301 provisions.

But there is one recent trend which we cannot afford to take our eyes off of: the intensifying U.S. efforts to make a major issue out of Japan's so-called keiretsu corporate relationships. There are various forms and types of keiretsu relations. There are financial keiretsu, which revolve around a major bank. Pyramidal keiretsu of cooperating firms and subcontractors sprawl out underneath a large manufacturing firm at the summit. Yet another form of keiretsu binds producers and retailers.

While these various types of keiretsu may differ widely, it is nevertheless an undeniable fact that many of Japan's corporations are tightly connected with some form of keiretsu. Put another way, it could be said that the very foundation of Japanese corporate operations lies in close ties with other firms.

These relations do not stop with simple short-term transactions in the marketplace. Rather, they are wide-ranging cooperative relations which stretch out over a long period of time. These relations comprise one of the most important factors behind the Japanese economic "miracle" in the postwar era.

Japan's "just-in-time" system, now well-known throughout the world, is one extremely efficient production system made possible by the extraordinairly tight relationship between automobile assembly plants, positioned at the center, and the hundreds of supplieers

clustered around them. A detailed look at this mechanism of production reveals with great clarity just why Japan's automobile industry has become so highly competitive. The "just-in-time system is a typical example of operations premised on long-term relationships between corporations. And this is not limited to the auto industry. It would certainly not be difficult to find similar approaches in a wide range of other Japanese industries.

And if the Japanese are told that they must abandon this sort of approach, the very vitality of Japanese corporations will be seriously damaged. But with the U.S. determined to make an issue of the keiretsu relations, it is certain that in the future the international controversy surrounding keiretsu will become a life-or-death matter for Japan's economy.

It is generally thought that the mechanisms of Japan's capital markets lie behind the keiretsu relationshps. Due to cross-shareholding, the principal stockholders of corporations tend to be other corporations. This protects firms from the threat of unsolicited mergers and acquisitions. The U.S. capital markets tend to be more businesslike than Japan's. Dire consequences await any manager who cannot bring about a quick rise in his or her company's stock prices. This difference in capital markets has a tremendous influence on the investment attitudes of managers in the two countries. On this point, there appears to be a need for standardizing systems on an international level.

As I see it, however, even if cross-shareholding between Japanese corporations were restricted, Japanese corporate behavior would not change significantly. Limits on cross-shareholding simply would not alter the pattern of long-term relationships which has established itself in Japan's corporate culture over the past 20 to 30 years.

The more important point, rather, is that Japan's industrial mechanisms, with keiretsu relations at the fulcrum, become extremely closed and exclusionary if left to themselves. Foreign companies have no chance of breaking into Japan's "just- in-time" system, for example. The same holds true for the bankoriented financial keiretsu.

If it became possible for major foreign corporations to join the Mitsubishi or Sumitomo groups, the keiretsu would become "open" keiretsu, and these would surely be much more acceptable to the international community. Without such an opening to the outside world, however, the keiretsu are likely to remain a thorny problem in the international arena. No matter how efficient and powerful a system it may be, the prosperity it brings cannot be sustained in the long term if it is rejected by the international community.

Speaking in more concrete terms, no matter how efficient the "just-in-time" system may be, for example, it will not be accepted internationally if it excludes foreign corporations. In the future, the keiretsu issue is likely to be in the limelight of international friction between Japan and other nations.

As emphasized above, however, the very corporate behavior which revolves around the keiretsu and long-term corporate relations is a fundamental element of the Japanese economy's strength. Accordingly, the key issue pending for Japanese Government and industry is what they should do to gain international acceptance of Japan's economic system, without undermining the source of its fundamental strength. Specifically, the question becomes one of how to transform the exclusionary keiretsu into keiretsu which are open to the outside world. If this alone can be achieved, it will be a relatively easy matter for Japan to achieve lasting prosperity.

Scientific

Private Firm To Specialize in Rocket Programs

OW0406140590 Tokyo JIJI in English 1252 GMT 4 Jun 90—FOR OFFICIAL USE ONLY

[Text] Tokyo, June 4 (JIJI PRESS)—A new private firm will soon be set up by 75 major firms to propel programs to manufacture and launch Japan's biggest H-2 rocket now under development, apparently the first major foray into commercial space development. The new firm, tentatively named Rocket System, is to be inaugurated July 5.

A total 13 aviation, automobile and eletronics makers, like Mitsubishi Heavy Industries Ltd., Nissan Motor Co. and NEC Corporation plan to meet here Tuesday to give the finishing touches on the new firm.

Rocket system, to be initially capitalized at 484 million yen, is expected to take the leader's role in placing orders with its member firms for the H-2 rocket to be launched by the state-run National Space Development Agency (NASDA). It also would receive orders for manufacture of satellite launch vehicles from domestic and foreign companies.

Sixty-two companies from the likes of home electronics, energy, trading, nonlife insurance and banking industries have also announced plans for capital partcipation in the trailblazing venture.

Plans for the rocket firm materialized after the Space Activities Commission, an advisory body to the prime minister, proposed promoting Japan's space development in a policy plan issued in June last year.

NASDA wants the first of the H-2, a two-stage booster rocket, blasted in 1993 as a vehicle to catapult an engineering test satellite into orbit. In the ensuing two years, it plans to put meteorological and earth observation satellites into space. The geostationary meteorological and earth observation satellites would lift off of a rocket available through the joint firm.

An informed source said the startup firm would seek a preliminary goal of winning a competitive edge against Arianespace of France and other world-class rocket launchers.

To this end, the first priority will be given to lopping manufacturing and launch costs, to about 10 billion yen for each rocket from the currently prevailing cost of about 15 billion yen. Arianespace has been launching its rockets for the equivalent of about 7.5 billion yen.

MITI To Initiate Space Robot Project in 1991

OW0606043290 Tokyo NIHON KEIZAI SHIMBUN in Japanese 3 Jun 90 Morning Edition p 1—FOR OFFICIAL USE ONLY

[Text] The Ministry of International Trade and Industry [MITI] will initiate in 1991 a project to develop space robots. The robots are intended for use in fabricating or repairing structures in space, and will be put into space around 2000 using the next generation Japanese-produced rocket, the "H2."

The total project cost is estimated to be about 20 billion yen. Robots to assist astronauts in space are considered a must in assembling or fabricating large structures in space. This project will be an attempt to utilize Japan's robotic technology, which is the world's best, in space applications. MITI hopes that these robots will be used in international joint projects, such as those for developing a space base or a moon base.

MITI plans that the project will be one of the large industrial technology research and development projects (commonly called the large-scale projects) of the Agency of Industrial Science and Technology. MITI plans to name it a "Research on Space Work Systems." The ministry plans to request 20 to 30 million yen under the 1991 budget for a research survey in the initial year.

These robots will be intelligent robots which can be remotely controlled from a space station or from the earth. Specifically, they will be as capable as humans in assembling structures for a space base, in changing parts, and in repairing circuits.

At present, Japan, the United States, Europe, and Canada are jointly working to develop the space base "Freedom," with the operation target set for 1999. In addition, individual nations have undertaken many other large projects to establish a base on the moon's surface or to partake in other kinds of manned space exploration. In all these projects, highly efficient space robots to ensure the astronauts' safety or to lighten their work load are becoming crucial.

The Agency of Industrial Science and Technology's system for the large-scale projects is designed to use government funds to finance industrial technology projects which are difficult for private industries to undertake because of costs.

Launch of Unmanned Surveyor to Mars Planned

OW0606053690 Tokyo NIHON KEIZAI SHIMBUN in Japanese 2 Jun 90 Morning Edition p 11—FOR OFFICIAL USE ONLY

[Text] As a first step to build a manned base on Mars in the 21st century, the National Space Development Agency (NASDA) has solidified plans to launch an unmanned survey satellite to Mars. The agency plans to launch the satellite late this century, at the earliest, using locally produced H-2 rockets, which are under development. The objective of launching this satellite is not only to conduct a scientific survey on the origin of Mars, but to collect detailed data necessary for building a manned base on Mars. The agency, which has decided to scrap its plans to develop commercial satellites to resolve trade friction with the United States, plans instead to embark on the planet survey full-scale.

According to the plans, the agency will develop a survey satellite, using technology refined in the course of developing earth resources survey satellites, which are expected to be launched in 1992. The development of the survey satellite is likely to cost Y50-60 billion. The satellite, weighing 800 kilograms, will be launched toward Mars in 1999, at the earliest. The satellite will orbit Mars once every 117 minutes about 379 kilometers above the surface of Mars. It will make detailed observations of Mars' rock formations, air pressure, temperature, and surface undulations, using visible near infrared-ray sensors and cameras. According to the agency, the observation precision will be ten times that of conventional Mars survey satellites.

Mars orbits the sun once every 1.88 years, and the observation will continue during that period. Regarding the observation of Mars, U.S. unmanned survey satellites Viking No. 1 and No. 2 landed on Mars' surface in 1976. The Soviet Union has also launched Mars survey satellites. However, the time-consuming and precise observations required for determining a location for a base have yet to be done. If the survey satellite is launched, it will be Japan's first time to reach Mars, thereby enabling the country to obtain the valuable data required for building a manned base on Mars.

President Bush of the United States is proposing to the world a project for launching a manned survey satellite to Mars by 2019. The project calls for constructing a lunar base from which a manned survey satellite can be launched to Mars. The total cost for the project is known to be $400 billion (about Y60 trillion), and the United States is expected to make a formal request for Japan's cooperation some tine in the future. The agency sees its plans as a response to the project. The agency will not be engaged in developing commercial satellites for use in communications, broadcasting, and weather because of trade friction with the United States. Therefore, the agency is expected to shift its efforts to developing a manned space satellite and to promoting a survey of the moon and planets as its key future projects. The agency also plans to ask the Space Development Committee

(with Oshima, director general of the Science and Technology Agency as chairman) to adopt a space development plan.

High Definition TV Standard To Be Adopted

OW2705214290 Tokyo MAINICHI DAILY NEWS in English 25 May 90 p 7—FOR OFFICIAL USE ONLY

[Text] Japan will use its own technology to launch high definition television (HDTV) commercially next year following failure to adopt an international HDTV fomat, the Posts and Telecommunication Ministry said Thursday. The ministry said it will decide on the domestic standard for HDTV by June in preparation for commercial use next year of what industry experts say is the television of the future, which will provide movie quality pictures.

The International Radio Consultative Committee (CCIR) failed Wednesday to adopt either the technology developed by Japan or that produced by Europe as the worldwide standard for HDTV. The CCIR, which met in Dusseldorf, West Germany, released a recommendation on 23 technical points of the standard being discussed. But it failed to decide on four other points, including the number of pictures and scanning lines per second, due to stiff pressure by Japan and Europe to have their own systems adopted.

The dispute over which format should be taken as the world standard has been gathering heat recently as the CCIR, part of the International Telecommunications Union, a worldwide regulatory agency, is moving toward a decision on the world standard.

In this new advanced technology, Japan has been a forerunner with its MUSE system, on which development work has taken 20 years and cost more than 1 billion dollars.

But the European Community and the United States, in hopes of winning the prospective multibillion dollar HDTV business, have each launched their own projects, creating diversity in the HDTV technology and hindering agreement on a universal format.

Party Daily Examines Relations With PRC

OW0106202190 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1840 GMT 1 Jun 90—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, June 1 (OANA-MONTSAME)—The recent visit of P. Ochirbat, chairman of the Presidium of the MPR [Mongolian People's Republic] People's Great Hural, to the PRC, took place at the period of revival a new page in the history of mutual relations between the two countries, says the article in "UNEN" entitled "Equitable Relations Between the States-Neighbours". The ruling party paper devotes this article to the 30th anniversary of the treaty on friendship and mutual assistance between the MPR and the PRC.

The joint communique on the outcomes of the visit notes that the leaders of the two countries had confirmed the resoluteness to further strengthen and develop bilateral relations basing on the treaty on friendship and mutual assistance between the MPR and the PRC. This is the guarantee to basic principles of mutual relations, given at the highest level, the article points out.

It also notes that being a legal foundation of bilateral relations, the treaty defined their basic principles and directions. After 20 odd years of "abnormal" relations because of some known reasons, of late they have been fully normalized and cooperation has been considerably expanded in different spheres thanks to efforts of the two countries, "UNEN" writes. It cites a number of examples of successful development of Mongol-Chinese relations. So, the trade turnover reaches today 140 rpt 140 mln. [million] Swiss francs against 51.4 rpt 51.4 mln envisaged by the long-term trade agreement. The issue of credit payments, granted by China to Mongolia in 1958 and 1960 was solved on the mutually-acceptable basis with the signing of the protocol in 1986.

The steady improvement of relations between the MPR and the PRC accords with not only the vital interests of the peoples of the two countries, but contributes considerably to strengthening peace, trust and cooperation in the Asia-Pacific region. The MPR adheres to the switch to a new model of cooperation with China that expresses vital interests of our peoples, the paper underscorces.

Government Bodies Approve of USSR Visit

OW2805133090 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 0616 GMT 28 May 90—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, 26 May (OANA-MONTSAME)—The Presidium of the MPR [Mongolian People Republic] People's Great Hural [PGH] and the Presidium of the Central Committee of the ruling MPRP [Mongolian People's Republic Party] held meetings and approved the outcomes of the working visit their respective heads—Chairman of the PGH Presidium P. Ochirbat and Chairman of the MPRP CC [Central Committee] Presidium G. Ochirbat—paid to Mosow on 14-15 May of this year at the invitation of M.S. Gorbachev.

The resolution of the PGH Presidium says that the exchange of opinions between P. Ochirbat and M. S. Gorbachev and A.I. Lukyanov on some issues of Mongol-Soviet cooperation and international life marked an important events in bilateral relations.

The main outcome of this visit, the resolution points out, is that the sides summed up and assessed the past and current states of the traditional relations and all-round cooperation between the MPR and USSR, exchanged frankly their opinions on some concrete issues and the ways of their solution, and on this basis defined in principle the short-term perspectives of the further development of the relations of friendship between the two countries.

The Mongol-Soviet cooperation has been and will be playing an invaluable role in our country's socio-economic development, the PGH Presidium resolution underscores.

The resolution of the MPRP Central Committee Presidum notes that the MPRP CC chairman's visit to the his meetings and talks with Comrades M.S. Gorbachev and A.N. Yakovlev (CPSU CC secretary and Politbureau member) were of important significance for developing and strengthening the relations and cooperation between the two parties sharing the same conception of building a humane and democratic socialism.

The agreement reached on carrying out a thorough study of the cases of some Mongolian party and state figures sentenced in the Soviet Union at the time when mistakes and distortions were taking place in our country in the 30-40s, and on working out jointly by the MPRP and the CPSU a political assessment of the involvement of Stalin and his aides in the repressions became a new step towards restoring historical truth in the relations between the two countries and strengthening mutual trust, the MPRP CC Presidium resolution points out.

It notes that the MPRP CC Presidium welcomes the fact that the two sides specially emphasized the importance of further developing the all-round Mongol-Soviet cooperation on the basis of the principles of friendship, equality and mutual benefit, and of perfecting and increasing its efficiency with due regard for each country's real possibilities and basic interests.

Mongol-Soviet economic cooperation is characterized in the resolution as "having played an important role in both countries' socio-economic development" and as "still growing in perspective".

Registration of Political Parties Ends

OW2805084390 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 0611 GMT 28 May 90—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, 26 May (OANA-MONTSAME)—The official registration of political parties of Mongolia ended here as the College for Civilian Affairs of the MPR [Mongolian People's Republic] Supreme Court took a decision this morning to officially recognize the Mongolian Green Party (MGP).

The programme and other documents, approved on 13 May at the Constituent Congress of the MGP, say that this party will work for building a humane and democratic socialism in Mongolia, ensuring real guarantees of people's right to live in an ecologically clean environment and for making "green issue" part and parcel of the government's socioeconomic policy.

The MGP ranks today 820 members (the minimum membership required for a party to be registered is 801). The MGP chairman is the 30-year-old engineer Dabaagiyn Basandorj working as a lecturer at Ulaanbaatar's Polytechnical Institute.

The MGP which emerged from among the Green Movement, announced its founding on 9 March this year.

Answering the questions of the members of the Supreme Court College, D. Basandorj said that his party was going to take part in the forthcoming general elections (29 July 1990) as an independent force.

After the MGP registration, T. Sharabdorj, chairman of the Supreme Court College for Civilian Affairs and deputy chairman of the MPR Supreme Court, made a short statement for the journalists, saying that the registration of all the six now existent political parties of Mongolia was over and that it had been carried with equal respect for all the parties on the part of the Supreme Court.

Journalists To Participate in Elections

OW3105040890 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1117 GMT 29 May 90—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, 28 May (OANA-MONTSAME)—The Mongolian people know well that the journalists of Mongolia have brought a concrete contribution to popularizing the ideas of restructuring, asserting the norms of democracy and openness and developing the sociopolitical enthusiasm of the public, T. Monjargal, chairman of the Committee of the Union of Mongolian Journalists (UMJ), said in his interview with the correspondent of the ruling party paper "UNEN".

The journalists strongly criticized defects of the stagnation period even before the emergence of new movements and organizations, and has been working for creating real possibilities to get rid of bureaucratism and backwardness, he noted, and expressed the readiness of his organization to cooperate with all progressive forces on the basis of equality and mutual respect.

Stating that the journalists have full moral right to take part in the work of state power bodies as the deputies, T. Monjargal points out that according to journalists, they will take part in the forthcoming general elections in the alliance with the renewing MPRP [Mongolian People's Revolutionary Party] by voting for best nominees from among the journalists. "The documents of the MPRP and the government program, issued on the eve of the elections, accord with the interests and ideas of Mongolian journalists," T. Monjargal, chairman of the UMJ, said.

Youth Union To Participate in Elections

OW3105040590 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1110 GMT 29 May 90—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, May 28 (OANA-MONTSAME)—The Mongolian Revolutionary Youth Union (MRYU) will take part in the forthcoming general elections (July 31, 1990) [as received] in alliance with the ruling MPRP [Mongolian People's Revolutionary Party], said G. Ganbold, chairman of the MRYU Executive Committee, in his interview with the "UNEN" correspondent.

Apart from it, the MPRP and the MRYU adhere to the common "general line," the documents published by the party on the eve of the elections and the government programme meet the interests of the youth and open up real possibilities for solving many tasks facing the youth organization, G. Ganbold pointed out. [sentence as received] According to him, there is the possibility of representing the MRYU as the force supporting the MPRP in the Baga Hural (permanently functioning parliament), which is to be formed by the MPR [Mongolian People's Republic] People's Great Hural of the new convocation.

From the point of final goals and ideological views, the MRYU holds the same position with the renewing MPRP, G. Ganbold said. Being an independent part and parcel of the country's political system, the MRYU will be guided by its programmes and cooperate with the MPRP on the principles of equality, mutual respect and support. But it is impossible to deny the fact that alongside with this, we might have grounds to criticize each other for mistakes in politics and activities, G. Ganbold underscored.

Speaking about the mutual relations of the MRYU with new parties and political forces, G. Ganbold said that his organization respects their status of independent formation and is ready to cooperate with them in solving the question dealing with the advancement of interests of the youth.

He noted that the MRYU provided office for the Mongolian Democratic Association (MDA) and the Mongolian Democratic Party (MDP) that these organizations

could work in. The leaders of new parties and movements were invited to take part in the work of the MRYU extraordinary congress, and they were provided with the possibility to make speeches and we ourselves also participated in their congresses. However, we, all of us, do not display sufficient initiative to understand each other and start cooperating on concrete issues, said G. Ganbold.

He pointed out that the MRYU does not "monopolize" the youth movement. The MRYU exchanges views with the initiators of the new youth organization. What is more the MRYU made aproposal at this extraordinary congress to form a union of youth organizations of Mongolia, G. Ganbold pointed out.

He stated that the MRYU, expressing and defending the interests and rights of its members and adhering to the ideas of national unity and patriotism, regards its aim to actively participate in building humane and democratic socialism in Mongolia.

MPRP Presidium Passes Resolution on Holidays

OW3105065790 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1128 GMT 29 May 90—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, 28 May (OANA-MONTSAME)— By celebrating the new year according to the traditional lunar calendar the Mongols will have two days off instead of one day. They will also have three days off instead of two days during the celebration of the national holiday Naadam, which coincides with anniversaries of the Mongolian People's Revolution (1921). The citizens of the MPR [Mongolian People's Republic], who profess Islam, will mark their holiday "Nayruz" on March 22 of each year.

Such a decision was made in the resolution of the Presidium of the Central Committee [CC] of the ruling MPRP [Mongolian People's Revolutionary Party], which discussed the issue of making some changes in the procedure of celebrating national holiday and other holidays. With an account of the opinions and wishes of the people, in part with insistent appeals of the Kazakh population of Mongolia. [sentence as received]

In connection with its decision, the MPRP CC Presidium addressed with the proposal the Presidium of the MPR People's Great Hural to take measures on renewing the procedure of marking the May 1st and the anniversary of the Great October Socialist Revolution and make one day each instead of two.

Finance Minister on Switch to Market Economy

OW3005142690 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1120 GMT 29 May 90—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, 28 May (OANA-MONTSAME)— The switch to the market economy in the MPR [Mongolian People's Republic] is to be carried out during 2-3 rpt 2-3 years in one course with the process of implementing the economic programme of the Government of Mongolia, said Demchigjabyn Molomjamts, the MPR finance minister, during the meeting with Mongolian and foreign journalists.

In his view, at least not less than 3.5 rpt 3.5 billion tugrik are needed for the realization of the economic programme of the MPR Government. Of course, we do not have such means today, that's why we are seeking to find them, mainly, through perfecting an economic mechanism, the minister stated.

D. Molomjamts believes that, first of all it is necessary to elaborate and introduce starting from 1991 a unified taxation system in the country, which will concern enterprises and branches as well as the incomes of the citizens. [Words indistinct] will promote the development of financial and economic autonomy of enterprises and social justice in the country. He also informed that it is expected to cancel the tax for childlessness starting from 1991. The new system of taxation, according to the minister, allows it to considerably regulate expenditures and incomes of the state budget.

Dealing with the finding of 3.5 rpt 3.5 billion tugrik for realizing the government economic programme, D. Molomjamts noted that 60 percent of these means can be formed owing to the state budget and the remaining part owing to the funds of industrial enterprises and business organizations. For this, the minister notes, it is expedient to raise the labour productivity of not less than 70 percent and considerably reduce the cost price of produces and non-productive losses. He reminded that a half billion tugrik are lost annually in the country because of bad management and squandering. If we succeed to reduce these losses at least by 50 percent in the nearest future then it would be a great achievement, the minister said.

D. Molomjamts emphasized great importance of raising the efficiency of foreign economic relations while switching to the market economy, involving and effectively using foreign investments and creating additional export resources. He also note the need of founding joint insurance companies which would guarantee the safety of foreign investments, the training of skilled national personnel who know the world market, modern marketing and management in all their minutest details.

D. Molomjamts spoke for the reforms of price in the country, noting that such a reform should not affect the interests of the people with low incomes.

Finance Minister on Income Taxation Draft Law

OW3005145990 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1107 GMT 29 May 90—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, 28 May (OANA-MONTSAME)— The ruling party newspaper has published a new draft law on taxation of the incomes of the population for nation-wide discussion.

The draft law envisages a considerable reduction of the sizes of taxation for the benefit of those stratas of the population that are not sufficiently provided for, first of all, large families, invalids and single mothers. At the same time it is proposed to introduce a progressive income-tax. In connection with the growth of cooperated movement and the number of those who are engaged in individual labour activities. [sentence as received] The questions related to the taxation of creative workers, investors, rationalizers as well as the people who work on contracts or seasonal workers are considered separately. It also defines the penalties of those who try not to pay the tax or hide their genuine sizes.

In his commentary to the draft law D. Molomjamts, MPR [Monoglian People's Republic] finance minister, notes that the currently existing legislation does not accord with the real situation of today. That's why, in accordance with the course of the country at economic renewal and proceeding from the need of re-considering and perfecting existing orders, including the sizes of taxes, the country's government is working out the issue of switching to a unified system of state taxation. One of such measures is the nation-wide discussion of the new draft law. It is also expected to cancel a number of incomes, such as for childlessness, from the unmarried people.

In conclusion D. Molomjamts writes that at present the taxes from the population to the state budget make up 47-48 rpt 47-48 mln. [million] Tugrik, that is 0.7 rpt 0.7 percent of all receipts. With the approval of the new law and transition to the unified taxation system this number will decrease by more than 10 rpt 10 mln. Tugrik.

Latest Issue of MSDP Paper Highlighted

OW0106204790 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1920 GMT 1 Jun 90—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, June 1 (OANA-MONTSAME)—The latest issue of the organ of the Mongolian Social-Democratic Party (MSDP) "YG" (WORD) carries on its first page the photo showing the procedure of registering the MSDP at the MPR [Mongolian Peoples Republic] Supreme Court.

In his interview D. Lamjab, MSDP vice-chairman, deals with the question of mutual relations between new parties and the ruling MPRP [Mongolia People's Revolutionary Party] and gives critical assessment to some actions of the MPRP for the period following its extraordinary congress (April 1990), in part he criticises the MPRP for its drive at increasing its ranks from among the militarymen.

556 out of 1044, who took part in the opinion poll, favor the Mongolian Democratic Association (MDA). Then follow the Mongolian Social-Democratic Party (279), Social Democratic Movement (255), the Mongolian Democratic Party (242), the MPRP (145), the New Progressive Union (54), the Party of National Progress and the Mongolian Revolutionary Youth Union (each 28). Publishing the outcomes of the opinion poll on six questions concerning the new political structure of the country, the paper notes that the opinion poll was held from 19 to 26 April this year.

In another interview one of the MSDP leaders P. Ulaanhuu, who participated in the work of the congress of the Russian Social-Democratic Party representing the MSDP, talks about the congress and about his tour.

The paper publishes an open letter of Captain D. Perenlei to Lieutenant-General L. Molomjamts, MPR defence minister. The captain criticizes the general for his incapability of renewing the Army in accordance with today's demands. He cites some examples. The captain reports that he and a group of his comrades have started forming a temporary council in order to "restructure the Army by themselves".

In the material entitled "Ignored Discovery" the paper comes out for awarding scholar-biologist J. Shagj with the state prize. The paper protests against the decision of the committee on state prizes, which refused to regard J. Shagj's work as the scientific discovery.

Ho Tam's Dismissal Signals Possible Change

OW2705014790 Tokyo SANKEI SHIMBUN in Japanese 24 May 90 Morning Edition p 5—FOR OFFICIAL USE ONLY

[By Akihiko Ota]

[Text] Secretary Ho Tam has been the top responsible person for North Korea's foreign policy because he served as foreign minister since 1970 and accompanied President Kim Il-song on his visits to China, the Soviet Union, and other nations. Moreover, he is the person who actually handles relations with Japan and the South-North dialogue with the ROK.

The dismissal of Secretary Ho Tam from his post can be taken as a sign that North Korea may start its new diplomatic strategy amid its increasingly intensified isolation that resulted from the reforms in the Soviet Union and East European nations. It should particularly be noted that Mr. Ho Tam recently cancelled his original plan to visit the United States. And there is no denying that North Korea may have a sudden change in its foreign policies.

Mr. Ho Tam still retains his position as member of the Political Bureau despite the dismissal from his post. It is quite possible that he will be appointed chairman of the Foreign Affairs Committee of the Supreme People's Assembly (the parliament) so that his rich experiences in diplomacy could be put to good use.

Romanian Comments on Opposition 'Central Figure'

OW2006122990 Tokyo MAINICHI SHIMBUN in Japanese 19 Jun 90 Morning Edition p 7—FOR OFFICIAL USE ONLY

[Text] Silviu Brucan, an influential member and former vice chairman of the Romanian National Salvation Front [NSF], gave [illegible] interview to MAINICHI SHIMBUN at the newspaper on 18 June. The NSF played a major role in the recent Romanian revolution.

In the interview, Mr. Brucan spoke on a central figure of anti-government forces in the DPRK (North Korea), which he talked about at a news conference in Seoul prior to coming to Japan. He said: "He is one of my former students. He is still a top official of the party." Mr. Brucan at the same time noted: "We may see some reactions in the DPRK in the near future."

Regarding the recent situation in Romania, a subject of criticism from the West following crackdowns on anti-government demonstrators, he emphatically said: "Students did not play a major role in the demonstration. It was a group of notorious people, who were manipulated by forces seeking the rapid introduction of a market economy."

When Mr. Brucan announced his open letter to President Kim Il-song calling for democratization in his press conference in Seoul, he said that he had had prior consultations with the DPRK officials who are party central committee members. In this regard, he said: "The central figure of the North Korean side is one of the North Korean students I taught at the political department of Bucharest University. Currently, he is in a top official position of the party." He said that he had been thinking about sending an open letter [to Kim Il-song] for three years and explained that, during that time, he has contacted six antigovernment activists of the North Korean side at four locations: Bucharest, New York, Moscow, and London. He said he "anticipated some reaction soon."